



# *City of Kingsburg*

1401 Draper Street, Kingsburg, CA 93631-1908  
Phone (559)897-5821 Fax (559)897-5568

Mayor Michelle Roman  
Mayor Pro Tem Laura North  
Council Member Sherman Dix  
Council Member Vince Palomar  
Council Member Jewel Hurtado

City Manager Alexander J. Henderson

## **AGENDA KINGSBURG CITY COUNCIL REGULAR MEETING**

**Council Chamber, 1401 Draper Street, Kingsburg, CA 93631 (559) 897-5821**  
**[www.cityofkingsburg-ca.gov](http://www.cityofkingsburg-ca.gov)**

**Wednesday, May 15, 2019 at 6pm**

### **6 P.M. REGULAR SESSION MEETING:**

Invocation to be given by Father Greg Beaumont of the Holy Family Church, followed by the Pledge of Allegiance led by Mayor Michelle Roman.

- 1. Call to Order and Roll Call**
- 2. Public Comments:** This is the time for any citizen to come forward and address the City Council on any issue within its jurisdiction that is not listed on the Agenda. A maximum of five (5) minutes is allowed for each speaker.
- 3. Approve Agenda:** Action by the Council to approve the agenda or to make modifications. Items that can be added to the agenda is constrained by State law.
- 4. Consent Calendar:** Items considered routine in nature are to be placed on the Consent Calendar. They will be considered as one item and voted upon in one vote unless individual consideration is requested. Each vote in favor of the Consent Calendar is considered and recorded as a separate affirmative vote in favor of each action listed. Approval of the Consent Calendar items include recitals reading ordinance(s) by titles(s) only and adoption of recommended action(s) contained in Staff Reports.
  - 4.1 Approval of City Council Minutes:** Approve the minutes from the May 1, 2019 Regular City Council Meeting as prepared by City Clerk Abigail Palsgaard.
  - 4.2 Check Register:** Ratify/approve payment of bills listed on the check register for the period April 25, 2019 through May 8, 2019 as prepared by Accounts Payable Clerk Grace Reyna.

- 4.3 Adopt Resolution No. 2019-024- A Resolution Of The City Council Of The City Of Kingsburg, County Of Fresno, State Of California Initiating Proceedings For The Annual Levy And Collection Of Assessments For The City Assessment District No. 93-01 For Fiscal Year 2019/20 Pursuant To The Landscaping And Lighting Act Of 1972, Part 2 Of Division 15 Of The Streets And Highways Code And As Provided By Article Xiii D Of The California Constitution; And Ordering The Preparation Of An Engineer's Report In Connection Therewith-** Staff Report prepared by Finance Director Alma Colado
- 4.4 Adopt Resolution No. 2019-025- A Resolution Of The City Council Of The City Of Kingsburg, County Of Fresno, State Of California Preliminarily Approving The Report Of The Engineer In Connection With The Annual Levy Of And Collection Of Assessments For The City Assessment District No. 93-01 For Fiscal Year 2019/20, Pursuant To The Landscaping And Lighting Act Of 1972, Part 2 Of Division 15 Of The Streets And Highways Code And As Provided By Article Xiii D Of The California Constitution-** Staff Report prepared by Finance Director Alma Colado
- 4.5 Adopt Resolution No. 2019-026- A Resolution Of The City Council Of The City Of Kingsburg, County Of Fresno, State Of California Declaring Its Intention To Order The Annual Levy And Collection Of Assessment For The City Landscape Maintenance Assessment District No. 93-01 For Fiscal Year 2019/20 Pursuant To The Landscaping And Lighting Act Of 1972, Part 2 Of Division 15 Of The Streets And Highways Code And As Provided By Article Xiii D Of The California Constitution, And Appointing A Time And Place For Hearing Protests-** Staff Report prepared by Finance Director Alma Colado
- 4.6 Adopt Resolution 2019-027 -A Resolution of The City Council of The City of Kingsburg Declaring City Vehicles Surplus**
- 4.7 Reject the claim filed by SL Environmental Law Group, P.C on April 30, 2019.-** Staff report prepared by City Attorney Michael Noland
- 4.8 Award the Well 12 Raw Water Line Improvements project to Floyd Johnston Construction bid in the amount of \$416,713.00.-** Staff report prepared by City Engineer Dave Peters.
- 4.9 Accept the Wayfinding Improvements project completed by to Frank & Son dba Express Sign & Neon Company and authorize the City Engineer to file the Notice of Completion.-** Staff report prepared by City Engineer Dave Peters.

## **5. Regular Calendar**

- 5.1 Public Service Recognition Award Presentation – David Green, Public Works**  
Presentation by Mayor Michelle Roman
- 5.2 Fresno County Rural Transit Agency Presentation-** Presentation by FCRTA  
General Manager Moses Stites

**5.3 Sustainable Groundwater Management Act Report**

Possible Action(s):

- a. Presentation by City Engineer Dave Peters
- b. Council Discussion
- c. Action as Deemed Necessary

**5.4 Swedish Mill Update**

Possible Action(s):

- a. Presentation by Owner Joe Ghazale or his Representative
- b. Council Discussion
- c. Action as Deemed Necessary

**5.5 Crime Statistics Report for the Month of April 2019 and General Police Department Update-** Crime Statistics Report prepared by Kingsburg Police Department Records Supervisor Corina Padilla.

Possible Action(s):

- a. Presentation by Police Chief Neil Dadian
- b. Council Discussion
- c. Informational- No Action Necessary

**5.6 Short Term Rental Ordinance Discussion-** Report prepared by City Clerk Abigail Palsgaard

Possible Action(s):

- a. Presentation by City Manager Alexander Henderson
- b. Council Discussion
- c. Informational- No Action Necessary

**5.7 Master Fee Schedule Update-** Report prepared by City Clerk Abigail Palsgaard

Possible Action(s):

- a. Presentation by City Manager Alexander Henderson
- b. Council Discussion
- c. Adopt Resolution 2019-028

**5.8 CalPERS Update-** Staff Report prepared by City Manager Alexander Henderson

Possible Action(s):

- a. Presentation by City Manager Alexander Henderson
- b. Council Discussion
- c. Action as Deemed Necessary

**6. Council Reports and Staff Communications**

**6.1** Community Services Commission

**6.2** Public Safety Committee

**6.3** Chamber of Commerce

**6.4** Economic Development

**6.5** Finance Committee

**6.6** Planning Commission

**6.7** City Manager's Report

**7. Other Business that may come properly before the City Council**

**8. Future Agenda Items**

These items will be added to a future agenda with direction from Council.

**9. Adjourn Regular Kingsburg City Council Meeting.**

Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at City Hall, in the City Clerk's office, during normal business hours. In addition, such writings and documents may be posted on the City's website at [www.cityofkingsburg-ca.gov](http://www.cityofkingsburg-ca.gov).

I hereby certify, under penalty of perjury under the laws of the State of California that the foregoing Agenda was posted at the front entrance of City Hall not less than 72 hours prior to the meeting. Dated this 10<sup>th</sup> day of May 2019.

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Abigail Palsgaard, City Clerk

**KINGSBURG CITY COUNCIL  
REGULAR MEETING  
MAY 1, 2019 – 6:00 P. M.**

**6:00 P.M. REGULAR SESSION MEETING:**

Invocation was given by Council Member North, followed by the Pledge of Allegiance led by Mayor Michelle Roman.

**Call to Order and Roll Call:** At 6:04 P. M. Mayor Michelle Roman called the regular meeting of the Kingsburg City Council to order.

**Council Members present:** Jewel Hurtado, Vince Palomar, Sherman Dix, Laura North, and Mayor Michelle Roman.

**Staff Present:** City Manager Alex Henderson, City Attorney Michael Noland, City Clerk Abigail Palsgaard, City Finance Director Alma Colado, City Engineer Dave Peters, Interim Fire Chief Tim Sendelbach, and Police Chief Neil Dadian.

**Public Comments:** None.

**Approve Agenda:** A motion was made by Council Member North, seconded by Council Member Hurtado, to approve the Agenda, pulling Item 5.1 (Proclamation for 2018/19 Kingsburg High School Girls' Soccer Team) with the hope of getting them back on the agenda later. The motion carried by unanimous voice vote.

**Consent Calendar:**

Council Member Palomar asked that Item No. 4.3 (Approve Social Media Policy-Employee Guidelines) be pulled. He said that he wants to know if employees will get training. City Manager Alex Henderson explained that once it is approved, the employees will receive a copy of the Policy and acknowledge that they received it. Council Member Palomar stated that he wanted to make sure employees will not get into trouble. He then moved to approve Consent Calendar Item No. 4.3. The motion was seconded by Council Member Dix and carried by unanimous voice vote.

Council Member Dix stated that he had a thought about Facebook comments. If three Council Members comment on something, could it be a Brown Act violation? City Attorney Michael Noland said that if it is in the jurisdiction of Council, it could be a violation.

A motion was made by Council Member North, seconded by Council Member Hurtado, to approve the remaining items on the Consent Calendar (4.1 & 4.2). The motion carried by unanimous voice vote.

- 4.1 Approval of City Council Minutes:** Approve the minutes from the April 17, 2019 Regular City Council Meeting as prepared by City Clerk Abigail Palsgaard.
- 4.2 Check Register:** Ratify/approve payment of bills listed on the check register for the period April 11, 2019 through April 24, 2019 as prepared by Accounts Payable Clerk Grace Reyna.

**REGULAR CALENDAR**

**Fresno Housing Authority Update (Senior Housing Elevations)-** Oral Report by Michael Duarte,  
Fresno Housing Authority

Fresno Housing Authority architect presented the elevations with color options for the senior apartments project at Sierra and Madsen. He said that we tried to pick the theme of the City and the Historical Park. The object is to introduce lots of color to the building. The colors will be as elegant as the Marion Villa project.

Council Member Dix asked if they are trying to have it look like Marion Villa. He said that he likes the blue but also likes the multiple colors like Marion Villa. The various color options were discussed. Mr. Duarte said that we would like to get a response on design. We can bring back the color. Council agreed that it looks great.

Mr. Duarte gave an update on financing. He said that we are currently in the appeal process, having missed a deadline for environmental review by 24 hours. If the appeal is successful, we could break ground by Christmas. If not, we would reapply and hopefully break ground by April. Council asked if there is anything they can do. Mr. Duarte said we appreciate the offer but nothing as of right now.

**May 2019 Kingsburg Fire Department Council Update-** Report prepared by Interim Fire Chief  
Tim Sendelbach

Interim Fire Chief Tim Sendelbach shared year-to-date statistics: Up 14% from last year on calls for service, 79% EMS, 21% fire calls. Measure E update on new engine: Final inspection and had some defects, but they are very professional and will have it here on the Swedish Festival. We will do a Wet Down and Push In ceremony at the Swedish Festival. He shared what the new chief's truck will look like and shared the training schedule. He said that Captain Osborne was recognized for his service at the Reedley Elks Lodge. Council asked for a reminder before the training.

**Fresno Chaffee Zoo Report**

Mayor Michelle Roman presented the annual Measure Z Funds Zoo report. She is chairman of the board. They are getting visitors from all over the world. Measure Z has generated \$154 million dollars since 2004. Wilderness Falls opened in May 2018, a splash area for kids. She shared upcoming projects, events and new things coming. Council spoke about how great it is and how it has approved so much.

**2019/2020 Capital Improvement Plan Discussion** Staff Report prepared by City Manager  
Alexander Henderson

City Manager Alexander Henderson said that this is an important budget conversation, one of our main discussion points. He shared completed projects from 2018/2019 including: The CPAT group and the benefits of having them look at our signs; façade grants; radar trailer; and Measure E Fire Engine. For 2019/2020: Athwal Park and other recreation options; Madsen Avenue improvements which will help with the new developments on 18<sup>th</sup> Avenue; and economic development. He shared where roads were repaired in the past, and what will be repaired. Also, how streets are ranked, and a uniform system for all roads. Mayor Roman asked about alleys. Mr. Henderson said that we need to repair roads, then we can focus on alleys. We will have new funding for alleys. Mayor Roman asked for a list ranking alleys. Council Member Dix asked how much the facade match is. Mr.

Henderson said that it is \$5,000. Council Member Dix said that he would like to boost the match option.

### **Council Reports and Staff Communications**

**Community Services Commission** – Mayor Roman reported that the new commissioner attended. A grant application for the Crandell Swim Complex through the Hospital Board was discussed. We will have a booth at the Swedish festival. Upgrades to the dog park for shade, trees, and sprinklers was discussed.

**Public Safety Committee** – Council Member Palomar reported that they met last week and discussed stop sign suggestions, lighting, and other requests.

**Chamber of Commerce-** Council Member North reported they will meet on the 14<sup>th</sup>, right before the Swedish Festival. The car show was a huge success. The beer garden was successful. Money was raised for the Senior Center.

**Economic Development Committee-** City Manager Alexander Henderson reported that they met with T-Mobile representatives. They will release an economic impact report, showing that it is more than just a Kingsburg thing. The merger will have to be approved federally and in California.

**Finance Committee** – Council Member Dix reported that they will meet on May 28<sup>th</sup>.

**Planning Commission-** They will meet jointly with the City Council on May 9<sup>th</sup> for a workshop on the North Kingsburg Specific Plan.

**City Manager's Report -** City Manager Alexander Henderson stated that on May 15<sup>th</sup> we will bring recommendations for park grants. Council asked about advertising for our festivals associated with the Way Finding signs

**Other Business that may come properly before the City Council** – None

**Future Agenda Items:** These items will be added to a future agenda with direction from Council.

**CalPERS Update** – Mr. Henderson stated that we are in departmental discussion on CalPERS. Council Member Dix asked about the indebtedness.

**At 7:48 P.M. Mayor Roman adjourned the Regular Kingsburg City Council Meeting.**

**Submitted by:**

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**Abigail Palsgaard, City Clerk**  
**City of Kingsburg**

# Accounts Payable

## Checks by Date - Summary by Check Date

User: gracer  
Printed: 5/10/2019 11:02 AM



*City of Kingsburg*  
1401 Draper Street  
Kingsburg, CA 93631-1908  
(559)897-5821

Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	3231	ICMA RETIREMENT CORPORATION - 1	04/26/2019	484.20
ACH	3470	Internal Revenue Service - ACH	04/26/2019	36,506.16
ACH	3471	Employment Development Department - A	04/26/2019	5,577.79
ACH	3472	CalPERS - ACH	04/26/2019	27,655.91
ACH	3526	Public Employees Retirement System 457 I	04/26/2019	120.00
ACH	3470	Internal Revenue Service - ACH	04/26/2019	911.32
ACH	3471	Employment Development Department - A	04/26/2019	86.79
ACH	3472	CalPERS - ACH	04/26/2019	726.70
Total for 4/26/2019:				72,068.87
75785	3005	AFLAC	05/03/2019	951.38
75786	3006	AIRGAS NCN	05/03/2019	160.17
75787	3891	AMERICAN BUSINESS MACHINES	05/03/2019	8.00
75788	3027	AT & T	05/03/2019	232.40
75789	3449	BLUE SHIELD OF CALIFORNIA	05/03/2019	38,881.50
75790	3054	BSK ASSOCIATES	05/03/2019	150.00
75791	3059	CALIFORNIA FORENSIC INSTITUTE	05/03/2019	400.00
75792	3704	CANON FINANCIAL-EQUIPMENT SAL	05/03/2019	875.93
75793	3067	CARDMEMBER SERVICE	05/03/2019	11,017.58
75794	3069	CASCADE FIRE EQUIPMENT	05/03/2019	1,059.23
75795	3079	CENTRAL VALLEY SWEEPING, INC.	05/03/2019	11,825.00
75796	3551	CENTRAL VALLEY TOXICOLOGY	05/03/2019	430.00
75797	3084	CITY CLERKS ASSOC. OF CA	05/03/2019	150.00
75798	3095	CITY OF KINGSBURG-POLICE DEPT.	05/03/2019	245.09
75799	3111	COLLINS & SCHOETTLER	05/03/2019	3,802.50
75800	3114	8155 50 019 0015979 COMCAST-F & A	05/03/2019	219.97
75801	3190	ITSD-DATA PROCESSING SERVICES C	05/03/2019	65.78
75802	3853	ATTN: GEMT PROG., STACY FOX DHC	05/03/2019	28,855.81
75803	3146	DINUBA FIRE	05/03/2019	4,646.33
75804	3160	ENS ELECTRIC	05/03/2019	142.08
75805	3765	EWING IRRIGATION	05/03/2019	916.71
75806	3540	FAILSAFE TESTING	05/03/2019	2,538.75
75807	3199	FMAAA	05/03/2019	317.42
75808	3183	FRANKMORE, JOSEPH	05/03/2019	229.18
75809	3188	FRESNO COUNTY SHERIFF	05/03/2019	356.15
75810	4014	FRESNO POLICE DEPARTMENT	05/03/2019	4,380.00
75811	3994	GUARDIAN	05/03/2019	5,963.78
75812	4040	SAM HAGEN	05/03/2019	50.00
75813	3222	HENRY SCHEIN, INC.	05/03/2019	593.30
75814	3225	HOME DEPOT CREDIT SERVICES	05/03/2019	288.10
75815	3643	ICMA MEMBERSHIP RENEWAL	05/03/2019	200.00
75816	3999	IRON MOUNTAIN	05/03/2019	70.00
75817	3534	JACK'S REFRGERATION, INC.	05/03/2019	159.00
75818	3237	JC'S LAWN SERVICE	05/03/2019	4,615.00
75819	3240	MAGNOLIA JIMENEZ	05/03/2019	50.00
75820	3244	JORGENSEN & CO.	05/03/2019	258.23

Check No	Vendor No	Vendor Name	Check Date	Check Amount
75821	3249	KAISER FOUNDATION HEALTH PLAN	05/03/2019	3,323.66
75822	3887	KINGS INDUSTRIAL OCC. MED CTR., 1	05/03/2019	1,028.00
75823	3253	KINGSBURG CHAMBER OF COMMERCE	05/03/2019	2,563.00
75824	3275	LIEBERT, CASSIDY, WHITMORE	05/03/2019	1,907.00
75825	3277	LINCOLN AQUATICS	05/03/2019	2,801.31
75826	3874	DALLAS LITTLE	05/03/2019	324.26
75827	3839	MODERN MARKETING	05/03/2019	301.95
75828	3300	MuniServices/Avenue	05/03/2019	450.00
75829	3466	NAPA AUTO PARTS	05/03/2019	1,494.97
75830	3307	NELSON'S ACE HARDWARE	05/03/2019	2,513.04
75831	3315	P G & E	05/03/2019	7,003.72
75832	3450	ABIGAIL PALSGAARD	05/03/2019	35.00
75833	3321	PETERS ENGINEERING GROUP	05/03/2019	89,998.72
75834	3329	POLYACK MARKETING	05/03/2019	3,000.00
75835	4030	PRINT THEORY	05/03/2019	486.90
75836	3334	PROFESSIONAL PRINT & MAIL, INC	05/03/2019	160.69
75837	3343	R & B COMPANY	05/03/2019	274.89
75838	3638	RICK CARSEY TRUCKING & CONST.	05/03/2019	2,012.02
75839	4052	SACRAMENTO COUNTY SHERIFF'S DEPT	05/03/2019	300.00
75840	3537	SECOND CHANCE ANIMAL SHELTER	05/03/2019	1,250.00
75841	4046	SERRATO & ASSOCIATES, INC.	05/03/2019	340.00
75842	3372	SIRCHIE FINGER PRINT LAB. INC.	05/03/2019	90.96
75843	4055	SOLECON INDUSTRIAL	05/03/2019	154.00
75844	3381	STATE OF CALIFORNIA-DEPT OF T	05/03/2019	2,189.72
75845	4028	SUPERIOR POOL CARE	05/03/2019	2,893.16
75846	4053	TWISTED CAFE - ADOLFO VALENZUELA	05/03/2019	58.97
75847	4051	VALPRINT	05/03/2019	31,856.94
75848	3416	VERIZON WIRELESS	05/03/2019	1,217.12
75849	3419	VIKING CLEANING SERVICE	05/03/2019	3,076.02
75850	3493	VILLAGE TIRE SALES	05/03/2019	150.00
75851	3421	VINCENT COMMUNICATIONS, INC.	05/03/2019	885.10
75852	3448	CHRISTINA WINDOVER	05/03/2019	35.00
75853	3430	WONG, ANDY & BETTY	05/03/2019	2,600.00
75854	4054	TOM AND JUDY WOODS	05/03/2019	10,000.00
75855	4056	DEAN ZIEGEL	05/03/2019	1,000.00
Total for 5/3/2019:				302,880.49
Report Total (79 checks):				374,949.36



Meeting Date: 05/15/2019  
Agenda Item: 4.3, 4.4 & 4.5

## CITY COUNCIL MEETING STAFF REPORT

**REPORT TO:** Mayor Roman & City Council

**REPORT FROM:** Alma Colado, Finance Director **REVIEWED BY:** AP

**AGENDA ITEM:** Initiating Proceedings for The Annual Levy and Collection of Assessments for Landscape Assessment District No. 93.01 for Fiscal Year 2019-2020.

**ACTION REQUESTED:** \_\_\_Ordinance ☒ Resolution \_\_\_Motion \_\_\_Receive/File

### **EXECUTIVE SUMMARY**

The City of Kingsburg currently levies and collects special assessments for Landscape Assessment District No. 93-01 to offset the cost of the maintenance, servicing, and operation of landscape and lighting improvements within public easements and right-of-ways, parks, open spaces and appurtenant facilities throughout the District. Each year the Council must approve the annual levy of assessments within the District to fund the coming fiscal year budget for the District.

### **RECOMMENDED ACTION BY CITY COUNCIL**

Staff recommends that the City approve resolutions initiating proceedings for the annual levy and collection of assessments, preliminary approve the Engineer's Report and declaring the City's Intention to levy assessments within Landscape Assessment District No. 93-01 for Fiscal Year 2019-2020.

### **POLICY ALTERNATIVE(S)**

None.

### **REASON FOR RECOMMENDATION/KEY METRIC**

The City has prepared resolutions initiating proceedings to levy and collect assessments to fund the cost of maintenance of landscape improvements within Landscape Assessment District No. 93-01. The attached resolution also sets a date of June 19, 2019 for the public hearing. At that time the Engineer's Report and resolution approving the levy will confirm the levy and authorize staff to place the assessments on the County tax rolls to be collected through the property tax bills.

### **FINANCIAL INFORMATION**

#### **FISCAL IMPACT:**

1. Is There A Fiscal Impact? Yes
2. Is it Currently Budgeted? Yes
3. Budgeted, Which Line?  
Landscape & Lighting District 93-01 Fund 759

**FINANCIAL SUMMARY**

The amount of \$100,331.53 will provide funding for the City's Landscape maintenance assessment district, whereby each property owner, through property tax assessments, participates in the upkeep of common areas located within their housing subdivision.

**ATTACHED INFORMATION**

- 1 Resolution 2019-024
- 2 Resolution 2019-025
- 3 Resolution 2019-026
- 4 Engineer's Report.

## **RESOLUTION NO. 2019-024**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KINGSBURG, COUNTY OF FRESNO, STATE OF CALIFORNIA INITIATING PROCEEDINGS FOR THE ANNUAL LEVY AND COLLECTION OF ASSESSMENTS FOR THE CITY ASSESSMENT DISTRICT NO. 93-01 FOR FISCAL YEAR 2019/20 PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972, PART 2 OF DIVISION 15 OF THE STREETS AND HIGHWAYS CODE AND AS PROVIDED BY ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION; AND ORDERING THE PREPARATION OF AN ENGINEER'S REPORT IN CONNECTION THEREWITH**

THE CITY COUNCIL OF THE CITY OF KINGSBURG FINDS, DETERMINES, ORDERS AND RESOLVES AS FOLLOWS:

Section 1. The City Council hereby proposes to levy and collect annual assessments for the City Assessment District No 93-01 (hereinafter referred to as the "District"), and to levy and collect assessments against the lots and parcels of land within such District to pay for the costs and expenses of the improvements described in Section 3 hereof for the fiscal year commencing July 1, 2019 and ending June 30, 2020, pursuant to the Landscaping and Lighting Act of 1972, being Part 2 of Division 15 of the Streets and Highways Code (the "Act") and as provided by Article XIII D of the California Constitution.

Section 2. The general location and boundaries of the District including the amendment to the boundaries is shown on maps on file in the office of the City Clerk, and is incorporated herein by reference, and open to public inspection. The designation of the existing District is as follows: "Kingsburg Assessment District No. 93-01". The District includes the following zones:

Pheasant Grove, Phases 1 and 2, Tracts 4210 and 4635  
Goldcreek Estates, Tract 4659  
Pheasant Grove, Phases 3 and 4, Tracts 4751 and 4769 (a.k.a. Kings Estates)  
Kingsburg Country Estates, Phases 1 and 2, Tract 4900 and 5005  
Sierra Ranch West, Phase 1, Tract 4950  
Kingsburg Country Estates, Phase 3, Tract 5068  
Sierra Ranch West, Phase 2, Tract 5089  
Sierra Ranch, Unit No. 6, Tract 5151  
Sierra Annexation, No. 9, Tract 5177  
Annexation No. 10, Tract 5087  
Annexation No. 11, Tract 5610  
Annexation No. 12  
Annexation No. 13  
Annexation No. 14, Tract 6094

Section 3. The proposed improvements may be briefly described as follows: the operation, maintenance and servicing of turf, ground cover, shrubs, trees, irrigation, lighting systems, entry monuments, walls, drainage systems, park facilities, and associated appurtenances, located in public places within the boundaries of the District. These improvements include all necessary

service, operations, administration, and maintenance required to keep the above-mentioned improvements in a healthy, vigorous, and satisfactory condition.

Section 4. The City Council hereby designates Willdan Financial Services as the Engineer for the purposes of these proceedings and orders the Engineer to prepare and file with the City Clerk a written report in accordance with Article XIII D, Section 4 of the California Constitution and Article 4 (commencing with Section 22565) of Chapter 1 of the Act for that portion of the fiscal year 2019/2020 commencing July 1, 2019 and ending June 30, 2020. Such Report shall refer to the District by its distinctive designations.

Section 5. Lots or parcels within the District that are owned or used by any county, city, city and county, special district or any other local or regional governmental entity, the State of California or the United States shall be assessed unless the City demonstrates by clear and convincing evidence that such lots or parcels receive no special benefit from the proposed improvements.

\*\*\*\*\*

I, Abigail Palsgaard, City Clerk of the City of Kingsburg, do hereby certify that the foregoing Resolution No. 2019-024 was duly passed and adopted at a regular meeting of Kingsburg City Council held on this 15<sup>th</sup> day of May 2019, by the following vote:

Ayes:	Councilmembers
Noes:	Councilmembers
Absent:	Councilmembers
Abstain:	Councilmembers

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Abigail Palsgaard, City Clerk  
City of Kingsburg

**RESOLUTION NO. 2019-025**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF KINGSBURG, COUNTY OF FRESNO, STATE OF CALIFORNIA  
PRELIMINARILY APPROVING THE REPORT OF THE ENGINEER IN  
CONNECTION WITH THE ANNUAL LEVY OF AND COLLECTION OF  
ASSESSMENTS FOR THE CITY ASSESSMENT DISTRICT NO. 93-01 FOR FISCAL  
YEAR 2019/20, PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972,  
PART 2 OF DIVISION 15 OF THE STREETS AND HIGHWAYS CODE AND AS  
PROVIDED BY ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION**

THE CITY COUNCIL OF THE CITY OF KINGSBURG FINDS, DETERMINES,  
ORDERS AND RESOLVES AS FOLLOWS:

Section 1. The City Council, pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code (the "Act") and as provided by Article XIII D of the California Constitution, by its previous Resolution No. 2019-024 initiated proceedings for the annual levy and collection of assessments of the City Assessment District No. 93-01 (hereinafter referred to as the "District") as described on maps of the District on file in the office of the City Clerk and incorporated herein by reference, and the levy and collection of assessments against the assessable lots and parcels of land within such District for the fiscal year commencing July 1, 2019 and ending June 30, 2020 and ordered the Engineer, Willdan Financial Services, to prepare and file a written report in accordance with Article XIII D, Section 4 of the California Constitution and Article 4 of Chapter 1 of the Act.

Section 2. The Engineer has prepared and filed with the City Clerk of the City of Kingsburg and the City Clerk has presented to the City Council such report entitled "City of Kingsburg, Assessment District No. 93-01, 2019/20 Engineer's Annual Levy Report" (hereinafter referred to as the "Report") which pertains to the annual levy of assessments and the amendment to the boundaries of the District.

Section 3. The City Council has carefully examined and reviewed the Report, and the Report is hereby approved as filed.

\*\*\*\*\*

I, Abigail Palsgaard, City Clerk of the City of Kingsburg, do hereby certify that the foregoing Resolution No. 2019-025 was duly passed and adopted at a regular meeting of Kingsburg City Council held on this 15th day of May 2019, by the following vote:

Ayes: Councilmembers  
Noes: Councilmembers  
Absent: Councilmembers  
Abstain: Councilmembers

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Abigail Palsgaard, City Clerk  
City of Kingsburg

## **RESOLUTION NO. 2019-026**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KINGSBURG, COUNTY OF FRESNO, STATE OF CALIFORNIA DECLARING ITS INTENTION TO ORDER THE ANNUAL LEVY AND COLLECTION OF ASSESSMENT FOR THE CITY LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT NO. 93-01 FOR FISCAL YEAR 2019/20 PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972, PART 2 OF DIVISION 15 OF THE STREETS AND HIGHWAYS CODE AND AS PROVIDED BY ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION, AND APPOINTING A TIME AND PLACE FOR HEARING PROTESTS**

THE CITY COUNCIL OF THE CITY OF KINGSBURG FINDS, DETERMINES, ORDERS AND RESOLVES AS FOLLOWS:

Section 1. By its previous Resolution No. 2019-024, the City Council initiated proceedings pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code, commencing with Section 22500 (hereinafter referred to as the "Act") and as provided by Article XIII D of the California Constitution, for the levy and collection of annual assessments against the assessable lots and parcels of land within, and for consideration of an amendment to the boundaries of the existing City Assessment District No 93-01 (hereinafter referred to as the "District") described on maps on file in the office of the City Clerk and incorporated herein by reference, for fiscal year 2019/2020 and ordered the Engineer, Willdan Financial Services, to prepare and file a written report in accordance with Article XIII D, Section 4 of the California Constitution and Article 4 of Chapter 1 of the Act. The Engineer has prepared and filed a written report (the "Report") with the City Clerk, which pertains to the annual levy and collection of assessments and amendment to the boundaries of the District; and by previous resolution, the City Council approved the Engineer's Report.

Section 2. The City Council hereby (1) finds that the public interest and convenience requires; (2) declares its intention to order the annual levy and collection of assessments and to levy and collect assessments against the assessable lots and parcels of land within such District for that portion of the fiscal year commencing July 1, 2019 and ending June 30, 2020 to pay the costs and expenses of the improvements described in Section 3. For Kingsburg Country Estates Phase 3, Sierra Ranch West Phase 2, Sierra Ranch Unit No. 6, Sierra Annexation No. 9, Annexation No. 10, Annexation No. 11, Annexation No. 12, Annexation No. 13 and Annexation No. 14 the assessments proposed by this resolution were approved by the property owners pursuant to a mailed ballot election conducted in accordance with Article XIII D of the California Constitution. For these Zones the City Council in subsequent fiscal years may thereafter impose the assessment at any rate or amount that is less than or equal to the amount authorized for Base Fiscal Year for each Zone, increased each year based upon the Consumer Price Index, All Urban Consumers, for the San Francisco-Oakland-Hayward ("CPI"), as determined by the United States Department of Labor, or its successor without conducting another mailed ballot election. The Base Fiscal Year being 2004/2005 for Zones Kingsburg Country Estates Phase 3, Sierra Ranch West Phase 2, Sierra Ranch Unit No. 6, 2006/2007 for Sierra Annexation No. 9, 2007/2008 for Annexation No. 10 and

Annexation No. 11, 2010/2011 for Annexation No. 12, 2015/2016 for Annexation No. 13 and 2016/2017 for Annexation No. 14. The Engineer shall compute the percentage of difference between the CPI for February of each year and the CPI for the previous February, and shall then adjust the existing assessment by an amount not to exceed such percentage for the following fiscal year. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the Engineer shall use the revised index or a comparable system as approved by the City Council for determining fluctuations in the cost of living; and the current CPI has been determined to be 3.53% calculated from the average of All Urban Consumers for San Francisco-Oakland-Hayward Area.

Section 3. The proposed improvements may be briefly described as follows: the operation, maintenance and servicing of turf, ground cover, shrubs, trees, irrigation, lighting systems, entry monuments, walls, drainage systems, park facilities, and associated appurtenances, located in public places within the boundaries of the District. These improvements include all necessary service, operations, administration, and maintenance required to keep the above-mentioned improvements in a healthy, vigorous, and satisfactory condition.

Section 4. The general location and boundaries of the District including the amendment to the boundaries is shown on maps on file in the office of the City Clerk, and is incorporated herein by reference, and open to public inspection. The designation of the existing District is as follows: "Assessment District No. 93-01." The District includes the following zones:

Pheasant Grove, Phases 1 and 2, Tracts 4210 and 4635  
Goldcreek Estates, Tract 4659  
Pheasant Grove, Phases 3 and 4, Tracts 4751 and 4769 (a.k.a. Kings Estates)  
Kingsburg Country Estates, Phases 1 and 2, Tract 4900 and 5005  
Sierra Ranch West, Phase 1, Tract 4950  
Kingsburg Country Estates, Phase 3, Tract 5068  
Sierra Ranch West, Phase 2, Tract 5089  
Sierra Ranch, Unit No. 6, Tract 5151  
Sierra Annexation, No. 9, Tract 5177  
Annexation No. 10, Tract 5087  
Annexation No. 11, Tract 5610  
Annexation No. 12  
Annexation No. 13  
Annexation No. 14, Tract 6094

Section 5. Reference is hereby made to the Engineer's Annual Levy Report, on file in the office of the City Clerk and open to public inspection, for a full and detailed description of the improvements, the amended boundaries of the District and the proposed assessments upon assessable lots and parcels of land within the District.

Section 6. Notice is hereby given that Wednesday, the 19<sup>th</sup> day of June, 2019 at 6:00 p.m. in the Council Chambers of the City Hall of the City of Kingsburg, 1401 Draper Street, Kingsburg, California, is the time and place fixed for a public hearing by the City Council on the question of the

levy and collection of assessments for fiscal year 2019/20 against lots and parcels of land within the District. At the hearing, all interested persons shall be afforded the opportunity to hear and be heard.

Section 7. The City Clerk is hereby authorized and directed to give notice of the public hearing by publishing this resolution not less than one time and not less than ten days prior to the above hearing date as set forth in Section 6 and in accordance with law.

Section 8. The City Council hereby designates Darren Hays telephone number (559) 897-5328, to answer inquiries regarding the hearing, protest proceedings, and procedural or technical matters.

Section 9. Lots or parcels within the District that are owned or used by any county, city, city and county, special district or any other local or regional governmental agency, the State of California or the United States shall be assessed unless the City demonstrates by clear and convincing evidence that such lots or parcels receive no special benefit from the proposed improvements.

\*\*\*\*\*

I, Abigail Palsgaard, City Clerk of the City of Kingsburg, do hereby certify that the foregoing resolution was duly passed and adopted at a regular meeting of Kingsburg City Council held on the 15th day of May 2019, by the following vote:

Ayes:	Councilmembers:
Noes:	Councilmembers:
Absent:	Councilmembers:
Abstain:	Councilmembers:

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Abigail Palsgaard, City Clerk  
City of Kingsburg

**RESOLUTION NO. 2019-027**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF KINGSBURG  
DECLARING CITY VEHICLES SURPLUS**

**WHEREAS**, from time to time the City has vehicles that are no longer in use; and

**WHEREAS**, the Public Works and Police Department has declared these vehicles surplus and ready for appropriate disposal; and

**WHEREAS**, the surplus equipment is identified as follows:

<b>Item</b>	<b>VIN#</b>
1. 1999 Ford F-250	1FTNF20L8XEB37713
2. 2004 Ford Crown Victoria	2FAFP71W84X110888

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Kingsburg does hereby approve the request to declare afore mentioned vehicles as surplus and approves disposal as appropriate.

\*\*\*\*\*

I, Abigail Palsgaard, City Clerk of the City of Kingsburg, do hereby certify that the foregoing resolution was duly passed and adopted at a regular meeting of the Kingsburg City Council held on the 15<sup>th</sup> day of May, 2019, by the following vote:

Ayes: Councilmember(s):  
Noes: Councilmember(s):  
Absent: Councilmember(s):  
Abstain: Councilmember(s):

---

Abigail Palsgaard, City Clerk  
City of Kingsburg



# **City of Kingsburg Assessment District No. 93-01**

## **2019/2020 ENGINEER'S ANNUAL LEVY REPORT**

Intent Meeting: May 15, 2019  
Public Hearing: June 19, 2019

27368 Via Industria  
Suite 200  
Temecula, CA 92590  
T 951.587.3500 | 800.755.6864  
F 951.587.3510

[www.willdan.com/financial](http://www.willdan.com/financial)



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## I. OVERVIEW

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### A. INTRODUCTION

The City of Kingsburg (the “City”) annually levies and collects special assessments in order to maintain the improvements that provide a special benefit to properties within Assessment District 93-01 (the “District”). The District was formed by the adoption of Resolution 93-50, on September 15, 1993. The assessments within the District are levied annually for the District pursuant to the *Landscape and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code* (the “1972 Act”).

The Engineer’s Annual Levy Report (“Report”) describes the District, any annexations, or changes to the District, and the proposed assessments for Fiscal Year (“FY”) 2019/2020. The assessments are based on the historical and estimated cost to maintain the improvements that provide a special benefit to properties within the District and Zones, as described below in subsection D. The improvements within the District and the corresponding costs, including all expenditures, deficits, surpluses, revenues, and reserves, are budgeted and assessed for each Zone.

For the purposes of this Report, the word “parcel” refers to an individual property assigned its own Assessment Number by the Fresno County Assessor’s Office. The Fresno County Auditor/Controller uses Assessment Numbers and specific Fund Numbers to identify properties assessed for special district benefit assessments on the tax roll.

Following consideration of all public comments and written protests at a noticed public hearing and review of the Engineer’s Annual Levy Report, the City Council may order amendments to the Report or confirm as submitted. Following final approval of the Report and confirmation of the assessments, the Council may then order the levy and collection of assessments for FY 2019/2020 pursuant to the 1972 Act. In such case, the assessment information will be submitted to the County Auditor/Controller and included on the property tax roll for each parcel in FY 2019/2020.

## **B. PROVISIONS OF THE 1972 ACT (IMPROVEMENTS AND SERVICES)**

The Method of Apportionment described for the District utilizes commonly accepted assessment-engineering practices and have been established pursuant to the 1972 Act and the provisions of the California Constitution. As generally defined, the improvements and the associated assessments for any district formed pursuant to the 1972 Act may include one or any combination of the following:

- 1) The installation or planting of landscaping.
- 2) The installation or construction of statuary, fountains, and other ornamental structures and facilities.
- 3) The installation or construction of public lighting facilities, including, but not limited to streetlights and traffic signals.
- 4) The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof; including but not limited to, grading, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.
- 5) The installation of park or recreational improvements including, but not limited to the following:
  - i. Land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks, and drainage.
  - ii. Lights, playground equipment, play courts and public restrooms.
- 6) The maintenance or servicing, or both, of any of the foregoing including the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement, including, but not limited to:
  - i. Repair, removal, or replacement of all or any part of any improvements;
  - ii. Grading, clearing, removal of debris, the installation, repair or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities;
  - iii. Providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury;
  - iv. The removal of trimmings, rubbish, debris, and other solid waste;
  - v. The cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.
  - vi. Electric current or energy, gas, or other agent for the lighting or operation of any other improvements.
  - vii. Water for the irrigation of any landscaping, the operation of any fountains, or the maintenance of any other improvements.
- 7) The acquisition of land for park, recreational or open-space purposes, or the acquisition of any existing improvement otherwise authorized by the Act.

- 8) Incidental expenses associated with the improvements including, but not limited to:
- i. The cost of preparation of the report, including plans, specifications, estimates, diagram, and assessment;
  - ii. The costs of printing, advertising, and the publishing, posting and mailing of notices;
  - iii. Compensation payable to the County for collection of assessments;
  - iv. Compensation of any engineer or attorney employed to render services;
  - v. Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements; and,
  - vi. Costs associated with any elections held for the approval of a new or increased assessment.

## **C. COMPLIANCE WITH THE CALIFORNIA CONSTITUTION**

All assessments described in this Report and approved by the City Council are prepared in accordance with the 1972 Act and are in compliance with the provisions of the *California Constitution Article XIID* (“*Article XIID*”), which was added to the California Constitution with the passage of state-wide Proposition 218 in 1996.

The assessments contained in this report were imposed in accordance with voter approval pursuant to the establishment of the District and annexations. As such, the City has determined that the assessments are compliant with the substantive and procedural requirements of Article XIID of the California Constitution. The proposed assessments for the current fiscal year may be less than or equal to the maximum assessment rates previously approved and adopted for the District and annexations. Any proposed assessment that exceeds the adjusted maximum assessment rate is considered an increased assessment. Pursuant to the provisions of the California Constitution Article XIID, all new or increased assessments (the incremental increase) are subject to both the substantive and procedural requirements of Article XIID Section 4, including a property owner protest proceeding (property owner assessment balloting).

## **D. GENERAL DESCRIPTION OF THE DISTRICT AND SERVICES**

The District provides for the maintenance, servicing and operation of landscape and lighting improvements within public easements and right-of-ways, parks, open spaces and appurtenant facilities throughout the District. The District consists of fourteen (14) district benefit zones (“Zones”).

Each Zone has specific improvements that provide a special benefit to the parcels within the Zone. In general, improvements within the District are open space areas;

parkways; and slopes; neighborhood, passive, and community parks. The improvements include: turf, ground cover, shrubs, trees, irrigation systems, lighting systems, entry monuments, walls, drainage systems, park facilities, and associated appurtenances. Services provided include all necessary service, operations, administration and maintenance required to keep the improvements in a healthy, vigorous, and satisfactory condition.

All parcels identified as being within a Zone share in both the cost and the benefits of the improvements. The costs associated with the improvements, are equitably spread between all benefiting parcels within that Zone. Only parcels that receive benefit from the improvements are assessed, and each parcel is assessed in proportion to the estimated special benefit received.

Table I is a list of the District Zones within the District along with related tracts and the number of parcels:

**TABLE I:  
DISTRICT ZONES**

<u>Zone Description</u>	<u>Tract(s)</u>	<u>Parcels*</u>
Pheasant Grove, Phases 1 and 2	4210 and 4635	88
Goldcreek Estates	4659	31
Pheasant Grove, Phases 3 and 4	4751 and 4769	79
Kingsburg Country Estates, Phases 1 and 2	4900 and 5005	64
Sierra Ranch West, Phase 1	4950	53
Kingsburg Country Estates, Phase 3	5068	30
Sierra Ranch, Phase 2	5089	61
Sierra Ranch, Unit No. 6	5151	50
Sierra Annexation, No. 9	5177	37
Annexation No. 10	5087	57
Annexation No. 11	5610	58
Annexation No. 12	N/A	2
Annexation No. 13	N/A	46
Annexation No. 14	6094	34
<b>Total:</b>		<b>690</b>

\* The Parcels count for each Zone is the total parcels located in the Zone. The number of parcels levied may be less. The parcel count will be updated upon receipt of the final secured roll from the County of Fresno.

## E. BUDGET AND LEVY SUMMARY

Table II shows a comparison of the FY 2018/2019 District Budgets and the proposed FY 2019/2020 District Budgets for each Zone.

**TABLE II:  
BUDGET AND LEVY SUMMARY  
Fiscal Year 2018/2019**

Costs	PHEASANT GROVE 1 AND 2	GOLDCREEK ESTATES	PHEASANT GROVE 3 AND 4	KINGSBURG COUNTRY ESTATES 1 AND 2	SIERRA RANCH WEST 1	KINGSBURG COUNTRY ESTATES 3	SIERRA RANCH WEST 2	SIERRA RANCH UNIT 6	SIERRA ANNEX NO. 9	ANNEX NO. 10	ANNEX NO. 11	ANNEX NO. 12	ANNEX NO. 13	ANNEX NO. 14	TOTAL*
Total Maintenance Costs	\$3,766.40	\$1,735.07	\$4,080.35	\$3,492.48	\$3,115.87	\$2,328.36	\$5,100.76	\$4,376.18	\$16,931.24	\$5,742.52	\$7,105.76	\$4,102.23	\$4,138.14	\$965.37	\$66,980.73
Incidental Expenses for Administration and Overhead Allocation	2,166.56	763.53	1,945.77	1,576.32	1,305.39	1,050.24	2,136.89	1,971.60	7,628.14	2,586.32	3,201.42	3,027.62	1,323.90	68.91	30,752.61
Total Balance to Levy	\$5,932.96	\$2,498.60	\$6,026.12	\$5,068.80	\$4,421.26	\$3,378.60	\$7,237.65	\$6,347.78	\$24,559.38	\$8,328.84	\$10,307.18	\$7,129.85	\$5,462.04	\$1,034.28	\$97,733.34
Number of Equivalent Dwelling Units (EDUs)	88.00	31.00	79.00	64.00	53.00	30.00	61.00	53.50	204.32	57.00	58.00	114.72	46.00	34.00	973.54
Levy per EDU	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$112.62	\$118.64	\$118.64	\$120.20	\$146.12	\$177.71	\$62.15	\$118.74	\$30.42	
Max Rate Per EDU	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$112.62	\$118.65	\$118.65	\$120.20	\$146.12	\$177.71	\$62.15	\$118.74	\$30.42	

\*Totals may not foot due to county's even cent levy requirement.

## Fiscal Year 2019/2020

Costs	PHEASANT GROVE 1 AND 2	GOLDCREEK ESTATES	PHEASANT GROVE 3 AND 4	KINGSBURG COUNTRY ESTATES 1 AND 2	SIERRA RANCH WEST 1	KINGSBURG COUNTRY ESTATES 3	SIERRA RANCH WEST 2	SIERRA RANCH UNIT 6	SIERRA ANNEX NO. 9	ANNEX NO. 10	ANNEX NO. 11	ANNEX NO. 12	ANNEX NO. 13	ANNEX NO. 14	TOTAL*
Total Maintenance Costs	\$3,766.40	\$1,735.07	\$4,080.35	\$3,492.48	\$3,115.87	\$2,410.23	\$5,280.03	\$4,529.98	\$17,528.23	\$5,944.53	\$7,356.32	\$4,246.44	\$4,283.74	\$999.41	\$68,769.07
Incidental Expenses for Administration and Overhead Allocation	2,166.56	763.53	1,945.77	1,576.32	1,305.39	1,087.17	2,211.99	2,040.89	7,897.11	2,677.29	3,314.29	3,134.64	1,370.58	70.91	31,562.46
Total Balance to Levy	\$5,932.96	\$2,498.60	\$6,026.12	\$5,068.80	\$4,421.26	\$3,497.40	\$7,492.02	\$6,570.87	\$25,425.35	\$8,621.82	\$10,670.61	\$7,381.08	\$5,654.32	\$1,070.32	\$100,331.53
Number of Equivalent Dwelling Units (EDUs)	88.00	31.00	79.00	64.00	53.00	30.00	61.00	53.50	204.32	57.00	58.00	114.72	46.00	34.00	973.54
Levy Rate per EDU	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$116.58	\$122.82	\$122.82	\$124.44	\$151.26	\$183.98	\$64.34	\$122.92	\$31.48	
Max Rate per EDU	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$116.59	\$122.83	\$122.83	\$124.44	\$151.27	\$183.98	\$64.34	\$122.93	\$31.49	

\*Totals may not foot due to county's even cent levy requirement.

## **II. DESCRIPTION OF THE DISTRICT**

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### **A. GENERAL IMPROVEMENTS AND SERVICES WITHIN THE DISTRICT**

Landscape and lighting improvements provided in the District includes turf, ground cover, shrubs, trees, irrigation, lighting systems, entry monuments, walls, drainage systems, park facilities, and associated appurtenances. These improvements include all necessary service, operations, administration, and maintenance required to keep the above-mentioned improvements in a healthy, vigorous, and satisfactory condition.

The costs associated with all improvements in each Zone, are collected through annual assessments for each parcel receiving benefit. The funds collected for each Zone are dispersed and used for only the services and operations provided to that Zone. The special benefits associated with the landscaping improvements and facilities have specifically:

- Enhanced desirability of properties through association with the improvements.
- Improved aesthetic appeal of properties within the District providing a positive representation of the area.
- Environmental enhancement through improved erosion resistance, and dust and debris control.
- An enhanced sense of pride in ownership of property within the District and increased business opportunities resulting from well-maintained improvements associated with the properties.
- Reduced criminal activity and property-related crimes (especially vandalism) against properties in the District through well-maintained surroundings and amenities including abatement of graffiti.
- Enhanced environmental quality of the parcels within the District by moderating temperatures, providing oxygenation and attenuating noise.

### **B. DISTRICT ZONES AND SPECIFIC AREAS OF IMPROVEMENT**

**Pheasant Grove, Phases 1 and 2** – Zone consists of residential tract numbers 4210 and 4635. Improvements include maintenance of turf area, trees, landscape and irrigation system, and wall along Rafer Johnson Drive adjacent to and fronting the Pheasant Grove Subdivisions.

**Goldcreek Estates** – Zone consists of residential tract number 4659. Improvements include maintenance of turf area, trees, shrubs, landscape and irrigation system, and fence surrounding the temporary ponding basin and park area located along 10th Avenue south of Silverbrooke Street within said subdivision.

**Pheasant Grove, Phases 3 and 4** – Zone consists of residential tract numbers 4751 and 4769. Improvements include maintenance of shrubs, trees, landscape and irrigation system, and wall along Sierra Street fronting Phase 4 of the Pheasant Grove subdivision, and maintenance of the special concrete crosswalks at intersections within the boundaries of the subdivision.

**Kingsburg Country Estates, Phases 1 and 2** – Zone consists of residential tract numbers 4900 and 5005. Improvements include maintenance of turf area, trees, landscape and irrigation system, and wall along Rafer Johnson Drive adjacent to and fronting the Kingsburg Country Estates Subdivision.

**Sierra Ranch West, Phase 1** – Zone consists of residential tract 4950. Improvements include maintenance of landscape and irrigation improvements and decorative masonry wall along Sierra Street and Bethel Avenue, adjacent to and fronting the subdivision.

**Kingsburg Country Estates, Phase 3** – Zone consists of residential tract number 5068. Improvements include maintenance of turf area, trees, landscape and irrigation system, and wall along Magnolia Avenue and Rafer Johnson Drive adjacent to and fronting the subdivision.

**Sierra Ranch West, Phase 2** – Zone consists of residential tract 5089. Improvements include maintenance of turf area, trees, landscape and irrigation system, and wall along Bethel Avenue adjacent to and fronting the subdivision.

**Sierra Ranch, Unit No. 6** – Zone consists of residential tract 5151. This tract includes forty-four (44) single family and seven (7) multifamily parcels (lots 2, 3, 21, 22, 40, 41, and 42). Improvements include maintenance of turf area, trees, landscape and irrigation system, and wall along Kern Street (formerly Magnolia Avenue) and South Bethel Avenue adjacent to and fronting the subdivision.

**Sierra Annexation, No. 9** – Zone consists of commercial tract 5177. Improvements include maintenance of turf area, trees, landscape and irrigations systems, along W. Sierra Street fronting the development.

**Annexation No. 10** – Zone consists of residential tract 5087. Improvements include maintenance of turf area, trees, landscape and irrigation system, and wall along 18<sup>th</sup> Avenue and the landscaping and maintenance of a drainage basin along 14<sup>th</sup> Avenue in the northwest corner of the development.

**Annexation No. 11** – Zone consists of residential tract 5610. Improvements include maintenance of turf area, trees, landscape and irrigation system within a multi-purpose trail along Azalea Street, and the landscaping and maintenance of a drainage basin along 23<sup>rd</sup> Avenue in the northwest corner of the development.

**Annexation No. 12** – Zone consists of a commercial development consisting of two parcels located on 19.12 acres. Improvements include maintenance of turf area, trees, landscape and irrigation systems, along Simpson Street fronting the development and landscape and irrigation systems surrounding a drainage basin along Highway 99 to the south of the development.

**Annexation No. 13** – Zone consists of a residential subdivision consisting of 46 lots on over 11 acres. Improvements include maintenance of turf area, trees, landscape and irrigation system, along East Kamm Avenue and South Academy Avenue fronting the development, as well as entryway landscaping into the development on South Academy Avenue.

**Annexation No. 14** – Zone consists of residential tract 6094 subdivision consisting of 34 lots on over 9.75 acres. Improvements include maintenance and provision of street lighting within and surrounding the Annexation area consisting of 8 street lights. The APN's within the District consist of the land within and associated with the development located on the Southeast corner of Howard Street and 14<sup>th</sup> Avenue.

### ***III. CHANGES TO THE DISTRICT***

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#### **A. ANNEXATIONS TO THE DISTRICT**

The annexation of Annexation No. 10 and Annexation No. 11 was approved by the property owners on June 20, 2007. FY 2007/2008 was the first year these Zones were assessed. The annexation of Annexation No. 12 was approved by the property owners on August 4, 2010. FY 2010/2011 was the first year this Zone was assessed. Annexation No. 13 was approved by property owners on December 3, 2014. FY 2015/2016 was the first year this Zone was assessed. Annexation No. 14 was approved by property owners on August 3, 2016. FY 2016/2017 was the first year this Zone was assessed. There are no planned annexations for FY 2019/2020.

#### **B. DISTRICT RATE CHANGES**

The rate per EDU for Pheasant Grove Phases 1 and 2, Goldcreek Estates, Pheasant Grove Phases 3 and 4, Kingsburg Country Estates Phases 1 and 2 and Sierra Ranch West Phase 1, will remain the same as the previous fiscal year. For Kingsburg Country Estates 3, Sierra Ranch Phase West 2, Sierra Ranch Unit No. 6, and Sierra Annexations No's. 9 through 14, the maximum assessment amount allowed for each fiscal year shall be increased in an amount equal to the annual percentage increase of the Local Consumer Price Index ("CPI") for "All Urban Consumers" for the San Francisco-Oakland-Hayward California.

Each fiscal year the administrator for the District shall identify the percentage difference between the CPI for February and the CPI for the previous February. This percentage difference shall then establish the range of increased assessments allowed based on CPI. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the City shall use the revised index or comparable system as approved by the City Council for determining fluctuations in the cost of living.

## **IV. METHOD OF APPORTIONMENT**

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### **A. BACKGROUND**

The Landscaping and Lighting Act of 1972 provides that assessments may be apportioned upon all assessable lots or parcels of land within a district or annexation in proportion to the estimated benefits to be received by each lot or parcel from the improvements. In addition, Article XIID of the California Constitution (Proposition 218) requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. The Proposition provides that only special benefits are assessable, and the City must separate the general benefits from the special benefits conferred on a parcel. A special benefit is different from a general benefit in that it is a particular and distinct benefit over and above general benefits. General benefits are conferred on the public at large, including real property within the district. The general enhancement of property value does not constitute a special benefit.

### **B. SPECIAL BENEFIT**

Each and every parcel within the District receives a particular and distinct benefit from the improvements over and above general benefits conferred by the improvements.

The proper maintenance of landscaping and appurtenant facilities specially benefit parcels within the District by moderating temperatures, providing oxygenation, attenuating noise from adjacent streets, and controlling dust for those properties in close proximity to the landscaping, thereby enhancing the environmental quality of the parcels and making them more desirable. Properly maintained landscaping also deters the erosion of slopes and thereby minimizes the risk of instability and the potential destruction of property within the District. The spraying and treating of landscaping for disease reduces the likelihood of insect infestation and other diseases spreading to landscaping located throughout the properties within the District. The proper maintenance of the landscaping, ornamental structures, and appurtenant facilities reduces property-related crimes (especially vandalism) against properties in the District through the abatement of graffiti and the screening of properties within the District from arterial streets. Finally, the proper maintenance of landscaping and ornamental structures improves the attractiveness of the properties within the District and provides a positive visual experience each and every time a trip is made to or from the property. All of the above-mentioned contributes to a specific enhancement of the property values of each of the parcels within the District.

### **C. GENERAL BENEFIT**

In addition to the special benefits received by the parcels within the District, there are incidental general benefits conferred by the proposed improvements.

The proper maintenance of landscaping and appurtenant facilities within the District will not only control dust from blowing onto properties within the District, but will also control dust from blowing onto properties outside of the District. Also, the control of slope erosion will not only protect properties within the District, but will also reduce runoff into the City's storm drain system. The proper maintenance of drainage basin and similar landscaped areas not only facilitates proper drainage of properties within the District, but also reduces the potential for flooding damage to properties on the downward slope from the District. The spraying and treating of landscaping within the District for disease reduces the likelihood of insect infestation and other diseases spreading to landscaping located throughout other properties within the City. Finally, the proper maintenance of landscaping and ornamental structures provides a positive visual experience to persons passing by the District. All of the above-mentioned constitutes incidental general benefits conferred by the improvements.

The total benefits are thus a combination of the special benefits to the parcels within the District and the general benefits to the public at large and to adjacent property owners. The portion of the total landscape maintenance costs which are associated with general benefits will not be assessed to the parcels in the District, but will be paid from other City Funds.

Because the landscaping is located immediately adjacent to properties within the District, and is maintained solely for the benefit of the properties within the District, any benefit received by properties outside of the District is merely incidental. It is estimated that the general benefit portion of the benefit received from the improvements for any District is less than one (1) percent of the total benefit. Nonetheless, the City has agreed to contribute a percentage of the total cost of the improvements for the District to ensure that no property is assessed in excess of the reasonable cost of the proportional special benefit conferred on that property.

### **D. APPORTIONMENT**

Pursuant to the 1972 Act, the costs of the maintenance of the improvements may be apportioned by any formula or method that fairly distributes the net amount to be assessed among all assessable dwelling units in proportion to the estimated benefits to be received by each parcel from the improvements. The benefit formula used within the District may vary. The

formula used for the District reflects the composition of the parcels, and the improvements and services provided, to accurately proportion the costs based on estimated special benefit to each parcel.

Each parcel within the District is assigned a weighting factor known as an Equivalent Dwelling Unit ("EDU").

Single-family residential ("SFR") units consist of one unit per parcel, and receive the same special benefit from the improvements due to their similarity in size and use and their similar proximity to the improvements. Therefore, each parcel or dwelling unit is assessed an equal amount or one (1) EDU per parcel.

The multi-family residential units consist of three units per parcel and are specifically located on seven parcels within the Sierra Ranch, Unit No. 6 District zone. These parcels also receive the same benefit from the improvements. However, the multi-family parcels are of a larger size, approximately 1.5 times that of a single-family parcel. Therefore, the multi-family parcel is equal to 1.5 times the single-family parcel and is assessed based on (1.5) EDUs per parcel.

All the commercial parcels are currently located in the District zone of Sierra Annexation No. 9 and receive the same special benefit from the improvements due to their similarity in size and use and their similar proximity to the improvements. Each acre is equivalent in size to six residential parcels. Therefore, each parcel is assessed based on six (6) EDUs per acre.

The following formula is used to arrive at a levy amount for parcels in each Zone:

Property Type	EDU Value
Single Family Residential (SFR)	1.00
Multi-Family Residential	1.50
Commercial, Developed (per acre)	6.00

The Total EDUs in a Zone is the sum of all parcel's individual EDUs that receive benefit from the improvements in that Zone.

$$\text{Total Balance to Levy in a Zone} / \text{Total EDU's in a Zone} = \text{Levy per EDU in a Zone}$$

$$\text{Parcel's EDUs} \times \text{Levy per EDU's} = \text{Parcel's Levy Amount}$$

## **V. ZONE BUDGETS AND HISTORICAL RATES**

---

### **A. DESCRIPTION OF BUDGET ITEMS**

The Act provides that the estimated costs of the improvements shall include the total cost of the improvements for the entire Fiscal Year 2019/2020, including incidentals, which may include reserves to operate the Zones.

The following describes the costs that are funded through the District shown in the Zone Budgets.

**Electricity** - Utility costs for electricity required to run irrigation systems and ornamental lighting for landscaped areas.

**Water** - Utility costs for water required to irrigate landscaped areas.

**Maintenance** - Includes all contracted labor, material and equipment required to properly maintain the improvements within the Zone. All improvements within the Zone are maintained and serviced on a regular basis. The frequency and specific maintenance operations required within the Zone are determined by City staff, but are generally scheduled weekly.

**Fertilizer** - Costs for annual fertilizing of landscaped areas.

**Graffiti Removal** - This item includes repairs that are generally unforeseen and may not be included in the yearly maintenance contract costs. This includes repair of damaged improvements due to vandalism.

**Concrete and Sprinkler Repairs** - These items include repairs that are generally unforeseen and may not be included in the yearly maintenance contract costs. This may include repair of damaged amenities due to vandalism, storms, earthquakes, etc. Also included may be planned upgrades that provide a direct benefit to the Zone.

**Incidental Expenses for Administration and Overhead Allocation** - The cost to all particular departments and staff of the City, for providing the coordination of Zone services and operations, response to public concerns and education, as well as procedures associated with the levy and collection of assessments. This item also includes the costs of contracting with professionals to provide any additional administrative, legal or engineering services specific to the Zone including any required notices, mailings or property owner protest ballot proceedings.

**Total Balance to Levy** - This is the total amount to be levied to the parcels within the Zone. The Balance to Levy represents the total maintenance and

administration costs. This dollar amount represents the funds that are to be collected for the Fiscal Year from the property owners.

**Total Equivalent Dwelling Units** The Equivalent Dwelling Unit (EDUs) is a numeric value calculated for each parcel based on the parcel's land use and size as compared to a single family residence. The EDUs shown in the Zone budgets represents the sum of all parcel EDUs that receive benefit from the improvements in each Zone.

**Levy per EDU** - The amount levied for each EDU. For a more detailed explanation please refer to Section IV. Method of Apportionment.

**Max Rate per EDU** - The maximum rate per EDU is the maximum assessment that the Council can levy per EDU based on the approved assessment range formula for the Zone. The maximum amounts are typically rounded down and levied at the nearest even penny for the purpose of the County.

**Historical Max Rate History** - This table shows the history of the max tax by Zone over the prior ten years of the District.

## B. ZONE BUDGETS

Table III is the budget of the District Zones for Fiscal Year 2019/2020:

**TABLE III:  
ZONE BUDGETS  
FY 2019/2020**

ZONE	Pheasant Grove, 1 and 2	Goldcreek Estates	Pheasant Grove, 3 and 4	Kingsburg Country Estates 1 and 2	Sierra Ranch West 1	Kingsburg Country Estates 3	Sierra Ranch West 2	Sierra Ranch Unit 6	Sierra Annex No. 9	Annex No. 10	Annex No. 11	Annex No. 12	Annex No. 13	Annex No. 14	Total <sup>1,2</sup>
<b>Maintenance Costs</b>															
Electricity	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$106.01	\$106.01	\$199.23	\$770.39	\$261.66	\$324.34	\$90.08	\$114.25	\$954.88	
Water	516.00	516.00	357.60	516.00	471.60	694.32	694.36	1,304.96	5,049.47	1,711.67	2,117.77	682.00	799.75	0.00	
Maintenance	2,328.40	797.07	2,100.75	1,754.48	1,422.27	836.99	2,786.49	1,573.08	6,086.83	2,064.64	2,555.22	1,672.84	2,284.99	0.00	
Fertilizer	200.00	200.00	200.00	200.00	200.00	294.45	294.46	553.42	2,140.81	726.37	899.44	257.36	228.50	0.00	
Graffiti Removal	350.00	0.00	350.00	350.00	350.00	257.65	515.31	484.23	1,873.85	635.06	786.33	386.04	399.26	44.53	
Sprinkler Repair	300.00	150.00	500.00	300.00	300.00	220.82	441.70	415.06	1,606.88	545.12	673.22	1,158.12	342.75	0.00	
Concrete Repair	0.00	0.00	500.00	300.00	300.00	0.00	441.70	0.00	0.00	0.00	0.00	0.00	114.24	0.00	
<b>Subtotal <sup>1</sup></b>	<b>\$3,766.40</b>	<b>\$1,735.07</b>	<b>\$4,080.35</b>	<b>\$3,492.48</b>	<b>\$3,115.87</b>	<b>\$2,410.23</b>	<b>\$5,280.03</b>	<b>\$4,529.98</b>	<b>\$17,528.23</b>	<b>\$5,944.53</b>	<b>\$7,356.32</b>	<b>\$4,246.44</b>	<b>\$4,283.74</b>	<b>\$999.41</b>	<b>\$68,769.07</b>
<b>Incidental Expenses for Administration and</b>															
Overhead Allocation	2,166.56	763.53	1,945.77	1,576.32	1,305.39	1,087.17	2,211.99	2,040.89	7,897.11	2,677.29	3,314.29	3,134.64	1,370.58	70.91	31,562.46
<b>Total Balance to Levy* <sup>1</sup></b>	<b>\$5,932.96</b>	<b>\$2,498.60</b>	<b>\$6,026.12</b>	<b>\$5,068.80</b>	<b>\$4,421.26</b>	<b>\$3,497.40</b>	<b>\$7,492.02</b>	<b>\$6,570.87</b>	<b>\$25,425.35</b>	<b>\$8,621.82</b>	<b>\$10,670.61</b>	<b>\$7,381.08</b>	<b>\$5,654.32</b>	<b>\$1,070.32</b>	<b>\$100,331.53</b>
<b>STATISTICS</b>															
<b>Total Equivalent</b>															
Dwelling Units (EDUs)	88.00	31.00	79.00	64.00	53.00	30.00	61.00	53.50	204.32	57.00	58.00	114.72	46.00	34.00	<b>973.54</b>
<b>Levy per EDU</b>	<b>\$67.42</b>	<b>\$80.60</b>	<b>\$76.28</b>	<b>\$79.20</b>	<b>\$83.42</b>	<b>\$116.58</b>	<b>\$122.82</b>	<b>\$122.82</b>	<b>\$124.44</b>	<b>\$151.26</b>	<b>\$183.98</b>	<b>\$64.34</b>	<b>\$122.92</b>	<b>\$31.48</b>	
<b>Max Rate per EDU</b>	<b>\$67.42</b>	<b>\$80.60</b>	<b>\$76.28</b>	<b>\$79.20</b>	<b>\$83.42</b>	<b>\$116.59</b>	<b>\$122.83</b>	<b>\$122.83</b>	<b>\$124.44</b>	<b>\$151.27</b>	<b>\$183.98</b>	<b>\$64.34</b>	<b>\$122.93</b>	<b>\$31.49</b>	

<sup>1</sup> Totals may not foot due to rounding.

<sup>2</sup> Zone Budget totals have been reduced by any General Benefit.

## C. ASSESSMENT RATE HISTORICAL INFORMATION

Table IV portrays historical rate information for the District Zones since Fiscal Year 1993/1994 through Fiscal Year 2019/2020 proposed charge.

**Table IV**  
**Assessment Rate Historical Information**

ZONE	Pheasant Grove, 1 and 2	Goldcreek Estates	Pheasant Grove, 3 and 4	Kingsburg Country Estates 1 and 2	Sierra Ranch West 1	Kingsburg Country Estates 3	Sierra Ranch West 2	Sierra Ranch, Unit 6	Sierra Annex No. 9	Annex No. 10	Annex No. 11	Annex No. 12	Annex No. 13	Annex No. 14
<b>HISTORICAL INFORMATION</b>														
2019/20	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$116.58	\$122.82	\$122.82	\$124.44	\$151.26	\$183.98	\$64.34	\$122.92	\$31.48
2018/19	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$112.62	\$118.65	\$118.65	\$120.20	\$146.12	\$177.71	\$62.15	\$118.74	\$30.42
2017/18	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$108.75	\$114.57	\$114.57	\$116.07	\$141.10	\$171.60	\$60.02	\$114.66	\$29.38
2016/17	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$105.14	\$110.76	\$110.76	\$112.21	\$136.41	\$165.90	\$58.03	\$110.85	\$28.41
2015/16	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$102.07	\$107.52	\$107.52	\$108.93	\$132.42	\$161.05	\$56.34	\$107.61	N/A
2014/15	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$99.55	\$104.87	\$104.87	\$106.24	\$129.15	\$157.08	\$54.95	N/A	N/A
2013/14	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$97.18	\$102.37	\$102.37	\$103.71	\$126.07	\$153.33	\$53.64	N/A	N/A
2012/13	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$94.86	\$99.93	\$99.93	\$101.24	\$123.06	\$149.67	\$52.36	N/A	N/A
2011/12	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$92.10	\$97.02	\$97.02	\$98.30	\$119.48	\$145.32	\$50.84	N/A	N/A
2010/11	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$90.57	\$95.41	\$95.41	\$96.67	\$117.49	\$142.90	\$50.00	N/A	N/A
2009/10	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$88.98	\$93.73	\$93.73	\$94.97	\$115.42	\$140.39	N/A	N/A	N/A
2008/09	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$87.96	\$92.66	\$92.66	\$93.88	\$114.10	\$138.78	N/A	N/A	N/A
2007/08	\$67.42	\$80.60	\$76.28	\$79.20	\$83.42	\$85.57	\$90.15	\$90.15	\$91.33	\$111.00	\$135.00	N/A	N/A	N/A
2006/07	\$67.43	\$80.60	\$76.28	\$79.20	\$83.42	\$82.92	\$87.35	\$87.35	\$88.49	N/A	N/A	N/A	N/A	N/A
2005/06	\$67.43	\$80.60	\$76.28	\$79.20	\$83.42	\$80.59	\$84.89	\$84.89	N/A	N/A	N/A	N/A	N/A	N/A
2004/05	\$67.43	\$80.60	\$76.28	\$79.20	\$83.42	\$79.34	\$83.58	\$83.58	N/A	N/A	N/A	N/A	N/A	N/A
2003/04	\$67.43	\$80.60	\$76.28	\$79.20	\$83.42	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002/03	\$67.43	\$80.60	\$76.28	\$79.20	\$83.42	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001/02	\$67.43	\$80.60	\$76.28	\$79.20	\$83.42	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000/01	\$67.43	\$80.60	\$76.28	\$79.20	\$83.42	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999/00	\$67.43	\$80.60	\$76.28	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998/99	\$67.43	\$80.60	\$76.28	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997/98	\$67.43	\$80.60	\$76.28	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996/97	\$67.43	\$80.60	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1995/96	\$67.43	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1994/95	\$67.43	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1993/94	\$67.43	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

## Appendix A — DISTRICT BOUNDARY MAPS

The Boundary Maps for the District, reflecting the various non-contiguous residential tracts within the City that represent the District Zones, have previously been submitted to the Clerk of the City in the format required under the 1972 Act and by reference are made part of this Report. The Boundary Maps are available for inspection at the office of the City Clerk during normal business hours.

## Appendix B — 2019/2020 ASSESSMENT ROLL

Parcel identification, for each lot or parcel within the District, shall be the parcel as shown on the Fresno County Assessor Parcel Maps and/or the Fresno County Secured Tax Roll for the year in which this Report is prepared.

Non-assessable lots or parcels may include government owned land, public utility owned property, land principally encumbered with public right-of-ways or easements and dedicated common areas. These parcels will not be assessed.

Upon approval of the Engineer's Annual Levy Report and confirmation of the assessments, the assessment information will be submitted to the County Auditor/Controller, and included on the property tax roll in Fiscal Year 2019/2020. If the parcels or assessment numbers within the District and referenced in this Report are re-numbered, re-apportioned or changed by the County Assessor's Office after approval of the Report, the new parcel or assessment numbers with the appropriate assessment amount will be submitted to the County Auditor/Controller. If the parcel change made by the County includes a parcel split, parcel merger or tax status change, the assessment amount submitted on the new parcels or assessment numbers will be based on the method of apportionment and levy amount approved in this Report by the City Council.



Meeting Date: 05/15/2019  
Agenda Item: 4.7

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**CITY COUNCIL MEETING STAFF REPORT**

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**REPORT TO:** Mayor Roman & City Council

**REPORT FROM:** Michael Noland, City Attorney

**REVIEWED BY:** AP

**AGENDA ITEM:** Claim Rejection- SL Environmental Law Group PC

**ACTION REQUESTED:** ☐ Ordinance ☐ Resolution ☒ Motion ☐ Receive/File

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**EXECUTIVE SUMMARY AND REASON FOR RECOMMENDATION**

On April 30, 2019, SL Environmental Law Group PC ("SL Environmental") through its attorney, Conrad & Metlitzky, served the attached letter on the City of Kingsburg ("City"). The letter alleges claims against the City for legal fees and costs in connection with Sher Leff, LLP's (predecessor to SL Environmental) representation of the City for a short period of time between May, 2015 and September 2015. We have reviewed the claim and do not find a factual or legal basis to support the claim. It is recommended the City Council reject the claim filed by SL Environmental. After rejection of the claim the City Clerk will send a Notice of Action on the claim to the attorneys for SL Environmental.

**RECOMMENDED ACTION BY CITY COUNCIL**

1. Reject the claim filed by SL Environmental Law Group, P.C on April 30, 2019.

**POLICY ALTERNATIVE(S)**

1. None.

**ATTACHED INFORMATION**

1. Letter from Conrad & Metlitzky dated April 30, 2019.

# CONRAD & METLITZKY

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T 415.343.7100  
F 415.343.7101  
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Mark Conrad  
T 415.343.7102  
mconrad@conradmetlitzky.com

April 30, 2019

## Via Hand Delivery

Kingsburg City Council  
Attn: Michelle Roman, Mayor  
1401 Draper Street  
Kingsburg, CA 93631

Re: *City of Kingsburg v. The Dow Chemical Co. et al.*,  
Case No. CGC-13-534431 (San Francisco Super. Ct. filed Sept. 23, 2013)

Dear Ms. Roman:

I am writing on behalf of SL Environmental Law Group PC. SL Environmental is the successor-in-interest to Sher Leff LLP, the law firm that formerly represented the City of Kingsburg in connection with its TCP contamination claims against Dow Chemical Company and other defendants.

On May 4, 2018, SL Environmental received notice that Kingsburg's TCP lawsuit was fully resolved by a confidential settlement. For the past year, SL Environmental has been trying to work with Robins Borghei LLP, the City's subsequent counsel in the case, to satisfy the lien that SL Environmental filed in the suit and obtain appropriate compensation for the services that SL Environmental delivered to the City as its former counsel. The lien protects SL Environmental's interest in the proceeds from the settlement so that fees are not disbursed and unavailable. To date, Robins Borghei has not offered SL Environmental appropriate compensation for the value of the legal services it rendered to the City, nor has SL Environmental been reimbursed for costs it incurred on the City's behalf.

My client's desire is and always has been to avoid entangling the City in what SL Environmental views as a dispute between two law firms, and not with the City, about the fair and just allocation of the contingency fee resulting from the City's TCP lawsuit. On behalf of SL Environmental, we have made every effort to resolve the lien without involving the City in this dispute. We have attempted to negotiate directly with Robins Borghei, including by inviting Robins Borghei to adjudicate the lien in a confidential setting. We have also attempted to pursue claims directly against Robins Borghei, which defended against them by arguing that SL Environmental was required to sue the City and could not assert its claims directly against Robins Borghei. In short, our efforts to spare the City any involvement in this fee dispute have been unsuccessful, due to Robins Borghei's own conduct. Moreover, we understand that Robins Borghei has disbursed the proceeds of the settlement to the City, in violation of the

City of Kingsburg  
Attn: Michelle Roman  
April 30, 2019  
Page 2

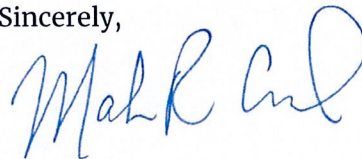
obligations owed by Robins Borghei and by the City to satisfy the lien first, creating additional liability for all parties involved.

In light of Robins Borghei's refusal to resolve the liens through direct negotiations, confidential arbitration, or in litigation between the two firm, SL Environmental has little choice but to assert the claims it holds under the Legal Services Agreement ("LSA") that it signed with the City in May 2013. This letter will therefore serve to tender SL Environmental's claim against the City of Kingsburg to recover its fees for services rendered and costs incurred in the City's TCP case. Enclosed please find a complaint setting forth SL Environmental's claims, as well as a copy of the LSA.

This letter will also serve to initiate the dispute resolution procedures identified in the LSA, to the extent that they apply. Please note that Paragraph 8(d) of the LSA contemplates that the parties will identify a "mutually agreed upon mediator" and will agree to mediate these claims prior to arbitration at the Judicial Arbitration and Mediation Service ("JAMS"). We look forward to hearing from you regarding the City's availability to attend a mediation to resolve SL Environmental's claims.

Once again, let me emphasize that SL Environmental believes its grievance in this matter is with Robins Borghei, not the City, and that my client is seeking only to receive fair compensation for the fair value of the legal services it provided to the City and the costs it incurred on the City's behalf. We would welcome a discussion with the City about a framework for resolving the dispute so that we could avoid the need for my client to pursue its claims directly against the City, as we are being forced to do now.

Sincerely,



Mark R. Conrad

cc: Alexander J. Henderson (via hand delivery)  
City Manager  
1401 Draper Street  
Kingsburg, CA 93631

City of Kingsburg  
Attn: Michelle Roman  
April 30, 2019  
Page 3

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10 Attorneys for

11 SL ENVIRONMENTAL LAW GROUP PC

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF FRESNO

14 UNLIMITED JURISDICTION

15 SL ENVIRONMENTAL LAW GROUP PC,

16 Plaintiff,

17 v.

18 CITY OF KINGSBURG,

19 Defendant.

20 CASE NO.

21 **COMPLAINT FOR DAMAGES**

22 1) Breach of Contract

23 2) Services Rendered

24 **JURY TRIAL DEMANDED**

1 For its complaint against Defendant City of Kingsburg ("Kingsburg"), by and through its  
2 attorneys, Conrad & Metlitzky LLP, Plaintiff SL Environmental Law Group P.C. ("SL Environmental")  
3 alleges as follows:

#### 4 **INTRODUCTION**

5 1. This suit is brought by SL Environmental, a litigation boutique dedicated to the pursuit of  
6 environmental justice and a pioneer in the field of environmental contaminant litigation. Since its  
7 inception, SL Environmental has partnered with public entities to hold polluters accountable for the  
8 health and safety risks posed by their toxic products or harmful conduct. Chief among its services, the  
9 firm provides legal advice and representation to water suppliers and other public agencies in cases  
10 involving contamination of ground water and drinking water supplies by toxic chemicals. In particular,  
11 the firm has played an essential role in pioneering groundbreaking litigation over water contamination  
12 caused by 1,2,3, -Trichloropropane ("TCP").

13 2. TCP is a chemical found in agricultural products sold and distributed by multinational  
14 corporations like Dow Chemical Company ("Dow") and Shell Oil Company ("Shell"). It is an easily  
15 removable byproduct of the fumigant manufacturing process. But TCP is toxic to humans. TCP is a  
16 known carcinogen that can enter the bloodstream through contaminated drinking water, or by any  
17 contact with human skin, including by exposure to polluted steam or water. It can cause burning skin,  
18 extreme drowsiness, liver damage, and cancer.

19 3. For decades, TCP-contaminated fumigants were used extensively throughout California,  
20 particularly in rural agricultural counties like Tulare, Kern, Fresno, and Merced. Dow and Shell knew  
21 that TCP could be easily removed from their products. But rather than remove it, they lied for years to  
22 the public about TCP's health risks and said, falsely, that TCP was necessary for their fumigants to be  
23 effective.

24 4. It was not until the 1990s that TCP was banned from use in soil fumigants. By this time,  
25 it was too late. TCP, which does not break down easily, had leached into groundwater throughout the  
26 Central Valley. For decades, generations of rural Californians obtained their daily water for drinking,  
27 bathing, and cooking from TCP-contaminated wells.

1           5.       Contaminators such as Dow and Shell, both multi-billion dollar corporations, refused to  
2 pay the extremely high cost of cleaning up TCP-contaminated groundwater supplies. It was cheaper for  
3 them to pour millions of dollars into legal fees, deterring attempts to force them to take responsibility for  
4 the health crisis they had inflicted on rural Californians. Dow and Shell knew that the cities in the  
5 Central Valley are amongst the poorest in California, and that public entities there generally lacked the  
6 financial and legal resources to hold Dow and Shell, or other similar wrongdoers, legally accountable for  
7 their TCP contamination.

8           6.       In 2004, Sher Leff LLP ("Sher Leff"), which is the predecessor-in-interest to SL  
9 Environmental, filed its first lawsuit against Dow and Shell on behalf of public entities to force them to  
10 pay for the cost of cleaning up TCP pollution. In the years that followed, Sher Leff filed dozens more  
11 TCP contamination suits on behalf of cities and water systems in rural counties in California. Sher Leff  
12 brought these suits for public sector clients that either did not know how or could not afford to bring  
13 these cases on their own. In some cases, Sher Leff helped municipalities and water districts learn about  
14 the scope of the environmental contamination afflicting their communities.

15          7.       Due to the growing docket of TCP contamination cases filed by Sher Leff, and by other  
16 law firms following Sher Leff's example, in mid-2005, the Judicial Council of California established a  
17 Coordination Proceeding so that all of the TCP contamination cases in California would be resolved by  
18 one court. This Coordination Proceeding created a bottleneck for TCP litigation. Only one case could be  
19 resolved at a time, and all of the other cases were held in line until the case at the front of the line was  
20 resolved. Because of this unusual process, Sher Leff could not seek justice for all of its clients  
21 simultaneously. Instead, all of the firm's clients had to wait in line, even though their cases all involved  
22 the same law and facts, and typically the same defendants.

23          8.       TCP litigation carried enormous risks. The cases presented novel and complex factual  
24 and legal issues. The prospect of recovery was uncertain and the financial risks involved in suing Shell  
25 and Dow were formidable. The early TCP cases resulted in a variety of outcomes and, by 2012, the  
26 trajectory of TCP litigation was still unclear. There was still no specific yardstick to gauge the  
27 contamination and clean-up costs for TCP-contaminated wells, and there was not an established legal  
28 strategy for holding Shell and Dow liable for TCP contamination, given that the chemical was

1 unregulated at the time of its widespread use. Amid this uncertainty about the prospects for recovery in  
2 its TCP contamination litigation, and with significant financial commitments required to litigate these  
3 expert-heavy cases, Sher Leff nonetheless agreed to represent twenty more California cities and water  
4 systems, including Kingsburg, in 2012 and early 2013.

5         9.         In order to effectively perform its valuable role in these water contamination lawsuits  
6 despite the substantial financial risks involved, Sher Leff depended on assurances, explicitly made in its  
7 legal services agreements, that the firm would be fairly compensated for its work in the event of a  
8 favorable outcome. Kingsburg entered into such an agreement in May 2013. Under this agreement,  
9 Kingsburg agreed to pay a contingency fee and to reimburse litigation costs to Sher Leff it obtained a  
10 recovery in the TCP lawsuit. Sher Leff would recover nothing if Kingsburg did not succeed in this  
11 groundbreaking litigation.

12         10.        Shortly before and while it was engaged to represent Kingsburg, Sher Leff successfully  
13 resolved some of the first major TCP cases for other clients, most of whom were cities or public entities  
14 similar to Kingsburg. The pioneering work done for years by Sher Leff in these earlier TCP cases and  
15 the significant monetary recoveries that Sher Leff obtained for its clients, dramatically changed the  
16 “market” for TCP cases and radically improved Kingsburg’s prospects for recovery.

17         11.        Having created from scratch the legal framework for how to hold Dow and Shell liable  
18 for TCP contamination, Sher Leff was then unable to speedily conclude the litigation for many of its  
19 clients, because of the bottleneck created by the Coordination Proceeding in San Bernardino. Sher Leff  
20 could only proceed with these cases serially. Thus, despite having done the legwork to create the  
21 template for all other TCP litigation going forward, and having secured settlements that increased the  
22 expected value of its other clients’ pending cases, the rest of Sher Leff’s clients, including Kingsburg,  
23 still had to wait in line for their case to move forward.

24         12.        In July 2013, with Sher Leff having been the vanguard in TCP litigation and having  
25 established the standard for settlement against which subsequent TCP cases would be viewed, two of the  
26 firm’s attorneys—Todd Robins and Jed Borghai—opportunistically seized for themselves the fruits of  
27 the costly and time-consuming investment that Sher Leff had made, at great risk, over the course of  
28 years in developing its TCP cases. Specifically, on July 18, 2013, Robins and Borghai abruptly

1 announced that they were leaving Sher Leff to start their own firm, Robins Borghei LLP ("Robins  
2 Borghei").

3 13. Shortly thereafter, Kingsburg terminated Sher Leff as counsel for its TCP case and  
4 retained Robins Borghei to represent it instead. To protect the firm's right to receive full and fair  
5 compensation for the value of the services it had provided to Kingsburg, Sher Leff filed an attorney's  
6 lien in Kingsburg's TCP lawsuit. By operation of the lien, Kingsburg was required to satisfy its financial  
7 obligations to Sher Leff before receiving funds from any settlement recovery that it might obtain in  
8 resolution of its claims.

9 14. By 2018, Kingsburg had come to the front of the line in the coordinated queue of TCP  
10 cases, and it then settled its litigation. As part of the confidential settlement, Kingsburg received  
11 payment from one or more of the multiple chemical and pesticide manufacturers and distributors that  
12 had been sued for contaminating Kingsburg's groundwater. Under its contract with Sher Leff, and by  
13 operation the lien that had been filed in its case, Kingsburg was supposed to disburse a portion of the  
14 settlement proceeds to compensate Sher Leff fairly for the full value of the legal representation it had  
15 provided, as well as the significant costs Sher Leff had incurred in pursuing Kingsburg's TCP litigation.  
16 Kingsburg failed to do this.

17 15. Instead, Kingsburg disregarded its obligation to compensate Sher Leff. It has refused to  
18 pay Sher Leff for the value of the firm's work, and it has refused to reimburse Sher Leff for the out-of-  
19 pocket costs that the firm incurred for Kingsburg's benefit during the pendency of Kingsburg's TCP  
20 case. All of this despite the fact that Kingsburg has never contested, but instead concedes, that Sher Leff  
21 is owed this fair and reasonable compensation.

22 16. Kingsburg has refused to pay Sher Leff for the full value of its services based, among  
23 other things, on self-serving and inaccurate information provided by Robins Borghei about the value of  
24 those services, including but not limited to false information about the amount and value of the work  
25 performed by Todd Robins, Jed Borghei, and others, during their employment at Sher Leff.

26 17. This suit is brought to obtain recompense from Kingsburg for its unpaid obligations.  
27  
28

1 **PARTIES**

2 18. SL Environmental is a registered California professional corporation with its principal  
3 place of business in San Francisco, California. It previously operated as a professional corporation under  
4 the name of Sher Leff PC and as a limited liability partnership under the name of Sher Leff LLP. For  
5 purposes of simplicity in this complaint, SL Environmental is referred to as "Sher Leff."

6 19. The City of Kingsburg is an incorporated municipality located in Fresno County,  
7 California.

8 **FACTS**

9 20. The following factual allegations are common to all the causes of action asserted by SL  
10 Environmental (referred to hereafter by the name of its predecessor entity, Sher Leff) in this lawsuit.

11 **A. Sher Leff Is a Leading Environmental Law Firm That Pursues and Wins**  
12 **Cutting-Edge Environmental Contamination Cases on Behalf of Public Entities.**

13 21. Founded in 2003, Sher Leff is a leading environmental litigation boutique law firm that  
14 partners with public entities to hold polluters accountable for the health and safety risks posed by their  
15 toxic products or harmful conduct. Among its services, the firm provides legal advice and representation  
16 to water suppliers and other public agencies in cases involving contamination of ground water and  
17 drinking water supplies by toxic chemicals. Sher Leff provides its services on a contingency fee basis, so  
18 that public entities can retain the firm without paying any upfront or ongoing fees or litigation costs and  
19 thus protect themselves from the serious financial risks that might discourage them from taking legal  
20 action to hold polluters accountable.

21 22. Over the years, the firm has won landmark victories in its environmental contamination  
22 cases. For example, in 2013, Sher Leff won a jury verdict of \$816 million in damages in a case brought  
23 on behalf of the state of New Hampshire against Exxon Mobil Corporation and other major oil  
24 companies over their role in polluting the state's water supply through the use of a gasoline additive.  
25 Since its inception, Sher Leff has obtained awards of hundreds of millions of dollars in damages for the  
26 public entities it has represented in lawsuits to redress environmental contamination.

**B. Beginning in 2004, Sher Leff Began Pursuing Groundbreaking Litigation Over TCP Contamination for Public Entity Clients in California.**

23. In 2004, Sher Leff started to file groundbreaking lawsuits over water contamination caused by TCP. Sher Leff filed its first TCP contamination case in January 2004. That suit was brought on behalf of the Hawaii Water Service Company ("Hawaii Water") against Dow, Shell, and other defendants. The complaint asserted product liability theories including design defect and failure to warn. The case was litigated extensively, over several years, up until the eve of trial. While the Hawaii Water was being litigated, Sher Leff filed additional TCP contamination cases in California on behalf of various cities and water districts throughout the state. Those complaints asserted essentially the same product liability theories as in the Hawaii Water case. Again, Dow and Shell were the primary defendants.

24. In 2005, in response to the growing number of TCP contamination cases filed by Sher Leff, and by other law firms following Sher Leff's example, the Judicial Council of California established a Coordination Proceeding so that all of the TCP contamination cases would be resolved by one court, and the Judicial Council assigned the new cases to be heard in the Superior Court for the County of San Bernardino. To manage the docket of cases in the Coordination Proceeding, the assigned judge used an assembly-line procedure for resolving the TCP cases. Under this procedure, only one case—the "focus case"—would be litigated at a time. All of the other TCP cases in the consolidated proceeding were therefore effectively stayed until the focus case was resolved. Upon resolution of the focus case, a different lawsuit would be designated as the focus case, and so on. In this way, the San Bernardino court created a bottleneck for the litigation of TCP cases, requiring all litigants to wait in line, until the case at the front of the line—which involved the same legal issues, overlapping factual issues, and often the same exact defendants as the cases behind it—could be resolved.

25. Sher Leff served as lead trial counsel for many public entity plaintiffs in the Coordination Proceeding. In that role, Sher Leff invested tremendous resources into developing the factual and legal underpinnings of the TCP contamination cases. Massive financial expenditures were required simply to determine whether a basis existed for Sher Leff's public entity clients to assert TCP claims, let alone prevail upon them in litigation. These expenditures and investigation were complicated by the lengthy

1 history of the underlying conduct by the chemical companies and the complex technical and scientific  
2 questions raised by the claims. It was Sher Leff, through the expenditure of the firm's own resources,  
3 that developed the core factual contentions and theories of liability during the first wave of TCP  
4 lawsuits, which allowed later, follow-on suits to replicate Sher Leff's success by employing the same  
5 types of evidence and arguments.

6         26.     Developing and refining the core liability case against Shell and Dow required  
7 comprehensive analysis of novel legal issues, complex expert discovery, technical scientific analysis,  
8 including testing of chemical contaminants and evaluation of health outcomes, and a far-reaching factual  
9 investigation into the conduct of several major oil companies and public entities over the span of forty  
10 years. As trial counsel in the Coordination Proceeding, Sher Leff attorneys conducted voluminous  
11 written discovery, reviewed hundreds of thousands of documents, and deposed dozens of witnesses and  
12 experts. Once Sher Leff developed the core liability case against the primary defendants, the evidence  
13 and arguments it developed in these initial cases was replicated in other TCP suits. For years, Sher Leff  
14 advanced funds and allocated firm resources towards TCP litigation without any repayment and no  
15 guarantee of any ultimate recovery, while public entity clients up and down the line in the Coordination  
16 Proceeding benefitted from Sher Leff's labor and expenditures, without risk.

17             **C.     In 2012 and early 2013, Sher Leff Agreed to Represent Twenty New Public Entity**  
18             **Clients, Amid Uncertainty and a Litigation Bottleneck.**

19         27.     The early TCP contamination cases filed by Sher Leff resulted in a variety of outcomes—  
20 by 2012, the firm had obtained successful recoveries for some of its TCP clients but, in other cases, it  
21 either had obtain a smaller recovery or no recovery at all. Amid this uncertainty about the prospects for  
22 recovery in its TCP contamination litigation, and with significant financial commitments required to  
23 litigate these cutting-edge, expert-heavy cases, Sher Leff nonetheless agreed to represent twenty more  
24 Central Valley-based California water systems, including Kingsburg.

25         28.     Specifically, in May 2013, Sher Leff and Kingsburg signed a Legal Services Agreement,  
26 pursuant to which Sher Leff agreed to represent Kingsburg in a civil action for property damages and  
27 other relief arising from the contamination of Kingsburg's water supply with TCP.

1           29.     Kingsburg understood at the time that it engaged Sher Leff that there were significant  
2 risks associated with pursuing TCP litigation against multinational corporate defendants. Indeed,  
3 Kingsburg understood that Sher Leff would not be compensated for the time that its attorneys had spent  
4 litigating the case if Kingsburg did not obtain any recovery. Kingsburg also knew that if, upon final  
5 resolution of its TCP case, there were no recovery or the recovery were insufficient to reimburse Sher  
6 Leff in full for advanced costs incurred, the firm would bear all of the losses for its out-of-pocket  
7 expenditures.

8           30.     In exchange for Sher Leff's agreement to bear these risks, Kingsburg agreed to pay the  
9 firm a contingency fee out of any recovery achieved in or obtained in the TCP case. Kingsburg knew  
10 that this contingency fee was designed and intended specifically to compensate Sher Leff for the risks  
11 borne by the firm in prosecuting litigation on its behalf. Further, in exchange for bearing the upfront  
12 costs of litigation, Sher Leff received a promise of reimbursement from Kingsburg for the full amount of  
13 all such costs—including investigation costs, scientific testing, legal research costs, and so forth.

14           31.     As part of its agreement with Sher Leff, Kingsburg also granted the law firm a lien on  
15 any and all claims or causes of action that were the subject of Sher Leff's representation. Kingsburg  
16 acknowledged that the lien would attach to any recovery it obtained in its TCP lawsuit, in order to repay  
17 Sher Leff for the value of its work and to repay it for the costs it had agreed to incur on Kingsburg's  
18 behalf.

19           32.     Kingsburg's agreement with Sher Leff also contains an attorney's fees provision, which  
20 states that the prevailing party in any action or proceeding to enforce any provision of the legal services  
21 agreement should be awarded reasonable attorney's fees and costs incurred in that action or proceeding  
22 or in efforts to negotiate the matter.

23           **D.     By Mid-2013, Sher Leff Had Established the Settlement Value of TCP**  
24           **Contamination Lawsuits, Which Positioned Kingsburg To Obtain a Large Financial**  
25           **Recovery.**

26           33.     By mid-2013, Sher Leff had successfully resolved several TCP contamination suits for  
27 other public entity clients. In doing so, Sher Leff established not only that the other cases in the  
28

1 Coordination Proceeding in San Bernardino had significant merit, but also that the plaintiffs in the TCP  
2 cases would obtain a significant financial recovery in the now-likely event that the cases settled.

3 34. With the recent settlement of these other TCP cases, Sher Leff's work significantly  
4 boosted the prospects for a successful resolution of the remaining pipeline of follow-on TCP cases then  
5 pending in the Coordination Proceeding, including Kingsburg's case. Stated differently, having  
6 established and solidified the merit and value of the pioneering claims it had asserted on behalf of other  
7 clients, at great risk and expense, and for the benefit of all of the other clients whose cases were subject  
8 to the bottleneck in San Bernardino, Sher Leff was finally well-positioned to reap the benefits of the  
9 significant risks it took in funding this entire pipeline of litigation, and recouping the substantial costs it  
10 incurred in developing the core liability case and amassing the evidentiary record.

11 **E. In July 2013, Robins and Borghei Resign from Sher Leff.**

12 35. Todd Robins joined Sher Leff as an Associate in June 2003. Jed Borghei joined Sher Leff  
13 as an Associate in June 2011. Throughout their work on Sher Leff's TCP Cases, Robins and Borghei  
14 used the firm's resources to promote TCP contamination litigation. They attended industry conferences,  
15 networked with former regulators, and developed connections with engineering firms that service small  
16 water systems, in order to identify and contact public entities with potential contamination claims. They  
17 also used Sher Leff's resources to pay for small water districts to conduct laboratory testing to detect  
18 contaminated wells in order to identify potential clients. All of this work was done, and all of these  
19 significant costs were incurred by Sher Leff, often at the instigation of Robins or Borghei, with the  
20 understanding that Sher Leff was investing in the TCP cases to develop a theory of liability and a factual  
21 basis for pursuing litigation on behalf of clients in the firm's early cases, with the expectation that  
22 subsequent cases would be able to draw on, and benefit directly from, the evidence and arguments  
23 developed in these matters.

24 36. On Thursday, July 18, 2013, Robins and Borghei gave notice of their intent to resign  
25 from Sher Leff.

26 37. On Monday, July 22, 2013, before business hours, Robins emailed a letter to all of Sher  
27 Leff's TCP clients to notify them of his departure from Sher Leff and of the creation of his new  
28

1 competitor firm, Robins Borghei LLP. The letter stated, in relevant part: "To date, I and Mr. Borghei  
2 have been the attorneys responsible for handling the City's TCP litigation. We would be absolutely  
3 delighted to continue representing [the City] from our new firm."

4 38. Shortly thereafter, Sher Leff received notice that Kingsburg was terminating its attorney-  
5 client relationship. Then, on September 23, 2013, Robins Borghei filed a TCP complaint captioned *City*  
6 *of Kingsburg v. The Dow Chemical Co. et al.*, Case No. CGC-13-534431 (San Francisco Super. Ct. filed  
7 Sept. 23, 2013), on behalf of Kingsburg against Dow and Shell, among other defendants, in the Superior  
8 Court for the City and County of San Francisco. After the case was filed, it was transferred to the  
9 Superior Court in San Bernardino, where it was placed in the litigation assembly line with the other  
10 cases in the Coordination Proceeding.

11 39. In order to protect its entitlement to compensation for the value of its role and work prior  
12 to discharge, Sher Leff filed a notice of attorney's lien in Kingsburg's TCP case on December 7, 2015.

13 **F. Kingsburg Settled its TCP Litigation and Received Settlement Proceeds Without**  
14 **Satisfying Its Financial and Legal Obligations to Sher Leff.**

15 40. On information and belief, Kingsburg recently entered into a confidential settlement  
16 fully resolving its TCP litigation and has received settlement funds. Sher Leff was first notified of the  
17 settlement on May 4, 2018.

18 41. Under the terms of the contract between Kingsburg and Sher Leff, and according to the  
19 legal requirements imposed by virtue of the attorney's lien, Kingsburg was required to satisfy Sher  
20 Leff's lien before receiving the settlement funds.

21 42. Instead, Kingsburg failed to compensate Sher Leff for the value of the legal services it  
22 rendered. On the basis of false information provided by Robins Borghei, Kingsburg unilaterally and  
23 inaccurately underestimated the attorneys' fees owed to Sher Leff and refused to reimburse Sher Leff for  
24 the expenses it had incurred on Kingsburg's behalf in connection with the litigation. Kingsburg did this  
25 on the basis of demonstrably false factual assumptions, including but not limited to false statements  
26 about the hours worked by Sher Leff personnel on Kingsburg's case and the reasonable value of their  
27 work.

1           43.     In violation of the lien, Robins Borghei disbursed the settlement proceeds to Kingsburg  
2 without satisfying Sher Leff's lien. Sher Leff was offered only a tiny fraction of the amount recovered  
3 by Kingsburg under its settlement, and a tiny fraction of the amount received by the Robins Borghei  
4 firm as a contingency fee for its services.

5           44.     To this day, Sher Leff has still not been paid for the value of the legal services it provided  
6 to Kingsburg, nor has it been reimbursed for substantial costs it incurred while representing Kingsburg.

7                           **FIRST CAUSE OF ACTION – Breach of Contract**

8           45.     The allegations set forth in Paragraphs 1 through 44 are realleged and incorporated herein  
9 by reference.

10          46.     Sher Leff and Kingsburg entered into a valid and enforceable contract for the  
11 performance of legal services in connection with Kingsburg's TCP case.

12          47.     Sher Leff fully performed all, or substantially all, of its duties under the contract by  
13 competently and skillfully representing Kingsburg in its TCP case prior to discharge.

14          48.     Despite repeated requests to do so, Kingsburg has failed to pay Sher Leff for the legal  
15 services it performed or for substantial costs that were advanced in connection with its representation of  
16 Kingsburg in the TCP case, thereby breaching the parties' contractual agreement.

17          49.     As a direct and proximate result of Kingsburg's breach, Sher Leff has sustained damages  
18 in an amount to be proven at trial.

19                           **SECOND CAUSE OF ACTION – Services Rendered (Quantum Meruit)**

20          50.     The allegations set forth in Paragraphs 1 through 49 are realleged and incorporated herein  
21 by reference.

22          51.     Kingsburg requested that Sher Leff perform legal services and incur costs in order to  
23 represent it in its TCP case.

24          52.     Kingsburg agreed to pay Sher Leff for the legal services to be performed and the costs to  
25 be incurred on its behalf.

26          53.     Sher Leff performed the legal services and incurred the costs as requested.

27          54.     Sher Leff has requested payment from Kingsburg for the reasonable value of the services  
28 it performed and the costs it incurred in pursuit of or for the benefit of the Kingsburg TCP case.

55. Kingsburg has refused, and continues to refuse, to pay Sher Leff for the services rendered and costs incurred.

56. As a direct and proximate result of Kingsburg's failure to pay Sher Leff for the legal services rendered and the costs incurred, Sher Leff has suffered damages in an amount to be proven at trial.

## PRAYER FOR RELIEF

WHEREFORE, Sher Leff prays for judgment against Kingsburg as follows:

1. For actual and compensatory damages and other such damages according to proof on all causes of action;
2. For disgorgement of profits;
3. For constructive trust;
4. For punitive and exemplary damages to be proved at trial;
5. For interest, including prejudgment interest at the legal rate;
6. For the costs of suit incurred herein;
7. For attorneys' fees; and
8. For such and other further relief as this Court deems proper.

## DEMAND FOR JURY TRIAL

Sher Leff hereby demands a jury trial of all causes of action so triable.

DATED: April 30, 2019

Respectfully submitted,

CONRAD & METLITZKY LLP

MARK R. CONRAD  
WARREN METLITZKY  
GABRIELA KIPNIS  
Attorneys for Defendant

## LEGAL SERVICES AGREEMENT

1. **IDENTIFICATION OF PARTIES.** This LEGAL SERVICES AGREEMENT ("Agreement") is made effective May 15, 2013, by and between SHER LEFF LLP, a California limited liability partnership (hereafter referred to as "Attorney") and CITY OF KINGSBURG, a Charter city (hereafter referred to as "Client"). This Agreement is required by Business and Professions Code section 6147 and is intended to fulfill the requirements of that section.

2. **LEGAL SERVICES TO BE PROVIDED.** The legal services to be provided by Attorney to Client are as follows: Representation of Client in a civil action in the California Superior Court and/or U.S. District Court for damages and other appropriate relief arising from contamination of Client's water supply with 1,2,3-trichloropropane ("TCP"), and any related appeals in such action (the "Action").

3. **LEGAL SERVICES SPECIFICALLY EXCLUDED.** Unless expressly agreed to in writing, the legal services described in paragraph 2 are the only legal services the Attorney has agreed to provide. Any additional legal services must be agreed to in writing or are expressly excluded from this Agreement. Without limiting the foregoing, Client acknowledges that Attorney is not agreeing to provide any of the following legal services:

a. Proceedings before any administrative or governmental agency, department or board.

However, with Client's permission Attorney may elect to appear at such administrative proceedings to protect Client's rights in the Action, without Client being charged any additional attorney's fee in connection with such appearance. Attorney acknowledges and agrees that Client will retain separate counsel to represent Client before administrative agencies and that any appearance by Attorney before an administrative agency is subject to review and direction by the Client's separate administrative agency counsel.

b. Any collection, execution or enforcement proceedings on any judgment.

c. Defending any legal action(s) against Client commenced by any person, excluding any counterclaims asserted against Client by the Defendants in the Action arising out of the subject matter of the Action, as described in paragraph 2 above.

d. Defending any claim against Client for unreasonable use of water and/or waste of water.

e. Defending any action concerning water rights.

If Client wishes to retain Attorney to provide any legal services not identified in this Agreement, for additional compensation, a separate written agreement between Attorney and Client will be required.

**4. RETENTION OF FIRM RATHER THAN PARTICULAR ATTORNEYS.**

Client is retaining the law firm of SHER LEFF LLP, and attorney services to be provided to Client will not necessarily be performed by any particular attorney. However, TODD E. ROBINS, ESQ. of SHER LEFF LLP shall have primary responsibility and be the responsible attorney for the legal services Attorney agrees to provide to Client under this Agreement, provided that for purposes of serving as lead counsel at trial Attorney may appoint another attorney or attorneys of comparable qualifications and experience.

**5. AUTHORIZED REPRESENTATIVE OF CLIENT.** Client designates CITY MANAGER, or such other person Client designates in writing, as the authorized representative to direct Attorney and to be the primary individual to communicate with Attorney regarding the subject matter of Attorney's representation of Client under this Agreement. This designation does not preclude communication between Attorney and other representatives of Client identified by Client.

**6. RESPONSIBILITIES OF ATTORNEY AND CLIENT.** Attorney will perform the legal services called for under this Agreement, keep Client informed of progress and developments, and respond promptly to Client's inquiries and communications. Client will be truthful and cooperative with Attorney and keep Attorney reasonably informed of developments, and pay invoices in a timely manner as provided herein.

**7. ROLE OF CLIENT'S GENERAL COUNSEL.** Client's City Attorney, MICHAEL NOLAND, ESQ., shall be consulted regarding major litigation decisions, including, but not limited to, those related to settlement. However, any attorney's fees due to Client's City Attorney in connection with his role in the Action are not provided for under this Agreement, which is solely between Client and Attorney.

**8. ATTORNEY'S FEES.** The amount Attorney will receive for Attorney's fees for the legal services to be provided under this Agreement will consist of a contingent fee.

**a. The Contingent Fee.** Attorney will receive a contingent fee of thirty-five percent (35%) of any Cash or Non-Cash Recovery (as defined in paragraph 8(b)(i) and (ii)) achieved in or as a result of the Action, if the Action is resolved without an appeal from any dismissal or judgment entered in the Action. Attorney will receive a contingent fee of forty (40%) of any Cash or Non-Cash Recovery (as defined in paragraph 8(b)(i) and (ii)) achieved in or as a result of the Action, if the Action is resolved after initiation of an appeal from any dismissal or judgment entered in the Action.

**b. Definitions.** The term "Recovery" means the sum of: (1) any "Cash Recovery" (as defined in paragraph 8(b)(i)); (2) any "Non-Cash Recovery" (as defined in paragraph 8(b)(ii)); and (3) any attorney's fees recovered by Client as a result of the Action and/or as a result of Attorney's efforts on Client's behalf pursuant to this Agreement and arising out of or related to the Action, before reduction or adjustment for "Advanced Costs" (as defined

in paragraph 10 of this Agreement), provided, however, "Recovery" shall not include any grants or other cash or non-cash items Client receives independent of the Action. Except as otherwise set forth in this Agreement, a "Recovery" may come from any source, including, but not limited to, the adverse parties to the Action and/or their insurance carriers and/or any third party, whether or not a party to the Action.

(i) "Cash Recovery" means, without limitation, cash payments to be paid to Client (whether by settlement, arbitration award, court judgment or other method of recovery) as a result of the Action and/or as a result of Attorney's efforts on Client's behalf pursuant to this Agreement and arising out of or related to the Action, including accrued interest on the amount of the Cash Recovery.

(ii) "Non-Cash Recovery" means, without limitation, the fair market value of any property to be delivered to Client, services rendered for Client's benefit, and any other non-cash benefit subject to valuation, including but not limited to injunctive and/or equitable relief, to be conferred on Client as a result of the Action and/or as a result of Attorney's efforts on Client's behalf pursuant to this Agreement and arising out of or related to the Action. Client has no obligation to accept a Non-Cash Recovery or an offer of Non-Cash Recovery unless Client and Attorney first agree upon how the portion of the contingent fee represented by the Non-Cash Recovery will be paid to Attorney.

**c. Calculation of Contingent Fee.**

(i) The contingent fee pursuant to paragraphs 8(b)(i) and (ii) are calculated by multiplying the Recovery by the contingent fee percentage identified in paragraph 8(a).

(ii) It is possible that payment to the Client by the adverse parties to the Action or their insurance carrier(s) or any third-party may be deferred, as in the case of a structured settlement, or periodic payments. In such event, the total Cash Recovery may consist of any initial lump-sum payment plus the present value (as of the time of the settlement) of the total of all payments to be received thereafter. The contingent fee will be calculated by multiplying the total Cash Recovery by the contingent fee percentage as provided in paragraph 8(a). The Attorney's fees will be paid out of any initial lump-sum payment if there are sufficient funds to pay the Attorney's fees in full. If there are insufficient funds to pay the Attorney's fees in full from the initial lump-sum payment, the balance owed to Attorney will be paid from subsequent payments to Client before there is any distribution to Client.

(iii) Any Cash Recovery received shall be directed in the first instance to Attorney and shall be placed and held by Attorney in an interest bearing trust account administered by Attorney (the "Trust Account"). When a Cash Recovery is received by Attorney, Attorney shall notify Client and provide Client with a statement identifying the total amount of the Cash Recovery received by Attorney, the amount of outstanding attorney fees and unreimbursed Advanced Costs. Upon written approval by the Client, funds in the Trust Account shall be released, first, to pay unreimbursed Advanced Costs up to the date of such Recovery,

and second, to pay any contingent fees Client owes to Attorney based on such Recovery. The remainder of such funds (if any) shall be concurrently distributed to Client. Provided however, with respect to any partial Cash Recovery received prior to final resolution of the Action, Client and Attorney may, at its discretion, retain the first \$500,000 of such remainder funds in the Trust Account to be drawn upon by Attorney to pay for any future Advanced Costs incurred in the Action.

(iv) For purposes of calculating the present value of any Cash Recovery or Non-Cash Recovery under this Agreement the discount rate shall be the interest rate of the one-year treasury bill as reported by the United States Federal Reserve in the weekly Federal Reserve Statistical Release closest in time to the date of the Recovery for which the present value is being calculated.

d. **Reasonable Fee if Contingent Fee Unenforceable.** In the event the contingent fee portion of this Agreement is determined to be unenforceable for any reason or Attorney is prevented from representing Client on a contingent fee basis, Client shall pay a reasonable fee for the services rendered to the extent of any Recovery. The parties shall use best efforts to negotiate a reasonable fee. If they cannot do so, the parties agree to attempt to resolve the dispute through mediation by a mutually agreed upon mediator. If mediation is unsuccessful, the fee shall be determined by arbitration proceedings before the Judicial Arbitration and Mediation Services (JAMS), with any costs of such proceedings born equally by the Client and Attorney.

A reasonable fee should take into account the risks borne by Attorney in prosecuting the action. It is understood by the parties to this Agreement that the time required to prosecute the Action and the litigation costs incurred may require Attorney to spend time and money on the case which is not compensated, if there is no Recovery.

e. **Disagreements Concerning Value of Recoveries.** In the event the parties disagree with respect to the value of any Cash or Non-Cash Recovery, or the value of any settlement offer, they shall proceed as follows: Each party shall select an appraiser qualified to conduct an appraisal of the value of the Recovery or settlement offer. Each party's selected appraiser shall then confer and select a third qualified appraiser, who shall determine the value of the Recovery. The third appraiser's valuation shall be final and binding on the parties. Client and Attorney shall each bear the expense of its own selected appraiser, and Client and Attorney shall share equally the expenses of the third appraiser.

f. **Timing of Payment of Attorney's Fee.** Attorney's fee on any Cash Recovery shall be due and payable at the time such Recovery is deposited into the Trust Account, and concurrently with distribution of any Recovery to Client, as provided in paragraph 8(c)(iii) herein. Subject to the provisions of paragraph 8(b)(ii), if Client elects to receive a Non-Cash Recovery, Attorney's fee on any Non-Cash Recovery shall be due at the time any Judgment or Settlement providing for such Non-Cash Recovery.

g. **Negotiated Fee.** The contingency fee provided for in this Agreement is

not set by law, but is negotiable between Attorney and Client, and has been negotiated.

9. **DIVISION OF ATTORNEY'S FEES.** Attorney may divide Attorney's fees received for the legal services provided under this Agreement with another attorney or law firm retained as associate counsel. The terms of such division, if any, will be disclosed to Client. Attorney and Client agree that such a division may be made only with Client's written consent after a full disclosure to Client in writing that a division of fees will be made and of the terms of such division. A decision by Attorney to retain associate counsel shall be subject to Client's approval, which shall not be withheld unreasonably. To the extent Attorney retains associate counsel on an hourly basis for any purposes in connection with the Action, any fees Attorney pays to such associate counsel shall not be considered Advanced Costs for purposes of paragraph 10, below, and shall be borne by Attorney.

10. **ADVANCED COSTS.**

a. Attorney will advance all costs in connection with Attorney's representation of Client under this Agreement. Such Advanced Costs will be advanced by Attorney and then paid by Client from any Recovery. Attorney will notify Client of Advanced Costs with reasonable frequency.

b. If there is a Recovery, Client must reimburse Attorney for the full amount of any unreimbursed Advanced Costs, provided that sum does not exceed the amount recovered. Attorney will be reimbursed for any unreimbursed Advanced Costs before any distribution of fees to Attorney and before any distribution to Client. To the extent Attorney advances costs, interest of 3% per annum will be assessed on such Advanced Costs. If, upon final resolution of the Action, there is no Recovery or the Recovery is insufficient to reimburse Attorney in full for Advanced Costs incurred, Attorney will bear the loss for any Advanced Costs not reimbursed under this paragraph.

c. Advanced Costs for purposes of paragraph 10 are all out of pocket expenses attributable to the Action and include, but are not limited to, court filing fees, deposition costs, transcripts, expert fees and expenses, investigation costs, scientific testing, Westlaw, LexisNexis and other third-party legal research service costs, reasonable travel, meal and hotel expenses, messenger service fees, photocopying expenses, Attorney's staff overtime (when incurred under extraordinary circumstances specific to the Action), document review vendors, and process server fees. Items that are not to be considered costs, and that must be paid by Client without being either advanced or contributed to by Attorney, include, but are not limited to, Client's expense incurred in providing information to counsel or defendants and damages claimed by others in the litigation and other parties' costs and/or attorneys' fees, if any, that Client is ultimately required to pay.

d. Attorney and Client shall meet and confer regarding selection and retention of experts in the Action. Client shall not unreasonably withhold approval of selection and retention of such experts.

**11. REPRESENTATION OF ADVERSE INTERESTS/CONFLICTS OF INTEREST.** Client understands that currently, and from time to time, Attorney represents other municipalities, governmental agencies, governmental subdivisions, or investor-owned public water utilities in other actions or similar litigation, and that such work is the focus of Attorney's practice. Further, Client understands and agrees that Attorney represents other clients in actions similar to the Action and even against the same defendants.

Client understands and agrees that a recovery obtained on behalf of another client in a similar suit against the same defendants could, in theory, reduce the total pool of funds available from these same defendants to pay damages in the Action. Client understands and agrees that Attorney would not take on this engagement if it required Attorney to forego representations like those described above. Client has been advised to confer with its own separate and independent counsel about this matter, and has determined that it is in its own best interests to waive any and all potential or actual conflicts of interest that may occur as the result of Attorney's current and continuing representation of other clients in similar litigations, because it enables Client to obtain the benefits of Attorney's expertise. Therefore, Client consents that Attorney may continue to handle such work, and may take on similar new clients and matters, without disclosing each such new matter to Client or seeking the consent of Client while representing Client. Attorney would not, of course, take on such other work if it required Attorney to be directly adverse to Client while Attorney was still representing Client in the Action.

**12. SETTLEMENT.** Attorney will not settle Client's claim without the approval of Client, who will have the absolute right to accept or reject any settlement. Attorney will notify Client promptly of the terms of any settlement offer received by Attorney. Client will reasonably cooperate with Attorney on matters related to potential settlements.

**13. ORDER OR AGREEMENT FOR PAYMENT OF ATTORNEY'S FEES OR COSTS BY ANOTHER PARTY.** The court may order, or the parties to the dispute may agree, that another party will pay some or all of Client's Attorney's fees, costs, or both. Any such order or agreement will not affect Client's obligation to pay Attorney's fees and Advanced Costs under this Agreement. However, subject to paragraph 8 (contingent fee), any such amounts actually received by Attorney will be credited against Attorney's fees or Advanced Costs, respectively, incurred by Client.

**14. DISCHARGE OF ATTORNEY.** Client may discharge Attorney at any time by written notice effective when received by Attorney. Unless specifically agreed by Attorney and Client, Attorney will provide no further services and advance no further Advanced Costs on Client's behalf after receipt of the notice. If Attorney is Client's attorney of record in any proceeding, Client will execute and return a substitution-of-attorney form immediately on its receipt from Attorney.

In the event Attorney is discharged before the termination of the Action, Client shall (1) reimburse Attorney for any and all Advanced Costs, approved by Client, not later than thirty (30) days after receipt of a final cost accounting from Attorney, and (2) upon termination of the Action, pay Attorney a fee consisting of the reasonable value of Attorney's services performed

up to the date of the discharge. Nothing herein shall be construed to limit Client's rights and remedies in the event of a discharge of Attorney for cause.

15. **WITHDRAWAL OF ATTORNEY.** Client agrees that Attorney may withdraw from representation of Client for any reason, upon thirty (30) days' written notice of termination, said notice to specify the effective date of the termination. Attorney shall file a motion to withdraw, if the Action remains pending and Client does not promptly sign a substitution-of-attorneys form provided by Attorney.

Where Attorney terminates this Agreement without good cause, Attorney shall not be entitled to a fee for any Partial Recovery or Recovery received by Client after the termination date, regardless of the status of the Action. However, Attorney shall be entitled to their contingent fee or the reasonable value of Attorney's services performed up to date of termination of this Agreement, whichever is less and reimbursement for any Advanced Costs on any Recovery which Client has already received, except that Client's obligation to reimburse Attorney for Advanced Costs or contingent fees on Recoveries shall not exceed the amount of Cash Recovery and/or Partial Cash Recovery received by Client up to the date of withdrawal.

If Attorney has good cause for withdrawing as defined in California Rules of Professional Conduct 3-700, then Attorney shall be compensated and reimbursed as described in paragraph 14 of this Agreement for a discharge.

16. **CONCLUSION OF SERVICES.** When Attorney's services conclude, whether by completing the terms of this Agreement or by discharge (under paragraph 14) or withdrawal (under paragraph 15), all unpaid charges (including fees under paragraph 8 and Advanced Costs under paragraph 10) will immediately become due and payable, except as otherwise provided herein.

17. **LIEN.** Client hereby grants Attorney a lien on any and all claims or causes of action that are the subject of Attorney's fee and/or Costs advanced under this Agreement. Attorney's lien will be for any sums owing to Attorney for any unpaid Costs (under Paragraph 10) or fees (under Paragraphs 8, 14 and 15) at the conclusion of Attorney's services. The lien will attach to any Recovery Client may obtain, whether by arbitration award, judgment, settlement or otherwise.

18. **RELEASE OF CLIENT'S PAPERS AND PROPERTY.** At the termination of services under this Agreement, Attorney will release promptly to Client on request all of Client's papers and property. "Client's papers and property" include, without limitation, all Client files and all correspondence, deposition transcripts, exhibits, experts' reports, legal documents, physical evidence, and other items reasonably necessary to Client's representation, whether Client has paid for them or not. Attorney will retain Client files for five (5) years, after which all files will be destroyed.

19. **CONFIDENTIALITY OF AGREEMENT.** This Agreement is an attorney client communication and shall not be disclosed by Client or Attorney to any third party, except as may otherwise be required by law. In the event of a request to the Client to provide a copy of

this Agreement or a description of its terms, Attorney will work with the Client to provide an appropriate response. In the event of a motion or lawsuit to compel production of the Agreement, Attorney will defend such litigation. Nothing herein shall preclude Attorney and Client from agreeing together to disclose the Agreement or its terms.

20. **DISCLAIMER OF GUARANTEE.** Although Attorney may offer an opinion about possible results regarding the subject matter of this Agreement, Attorney cannot guarantee any particular result. Client acknowledges that Attorney has made no promises about the outcome and that any opinion offered by Attorney in the future will not constitute a guaranty.

21. **ENTIRE AGREEMENT.** This Agreement contains the entire agreement of the parties. No other agreement, statement, or promise made on or before the effective date of this Agreement will be binding on the parties.

22. **SEVERABILITY IN EVENT OF PARTIAL INVALIDITY.** If any provision of this Agreement is held in whole or in part to be unenforceable for any reason, the remainder of that provision and of the entire agreement will be severable and remain in effect.

23. **ATTORNEY'S FEES AND COSTS IN ACTION ON AGREEMENT.** The prevailing party in any action or proceeding to enforce any provision of this Agreement shall be awarded reasonable attorney's fees and costs incurred in that action or proceeding or in efforts to negotiate the matter, as determined by the Arbitrator or the court in which the action or proceeding to enforce any provision of this Agreement is pending.

24. **VENUE IN ACTION ON AGREEMENT.** In any dispute relating to Attorney's fee and/or arising out of this Agreement, the venue shall be Fresno County, California.

25. **GOVERNING LAW.** The terms and provisions of this Agreement and the performance of the parties hereunder shall be interpreted in accordance with, and governed by, the laws of the State of California.

26. **EFFECTIVE DATE OF AGREEMENT.** The effective date of this Agreement will be the date when, having been executed by Client, one copy of the agreement is received by Attorney.


27. **AUTHORITY OF PARTIES.** Each of the signatories to this Agreement warrants that he or she has the authority to enter into and execute this Agreement and to bind the entity or entities on whose behalf each signs.

28. **EXECUTION.** This Agreement may be executed by transmittal of facsimile or electronic (.pdf) signature counterparts.

The foregoing is agreed to by:

**CITY OF KINGSBURG (Client)**

Dated: 05/15/2013

By   
Chet, Reilly, Mayor

**SHER LEFF LLP (Attorney)**

Dated: 5/16/13

By   
ALEXANDER LEFF, Principal



Meeting Date: 05/15/2019  
Agenda Item: 4.8

## CITY COUNCIL MEETING STAFF REPORT

**REPORT TO:** Mayor Roman & City Council

**REPORT FROM:** David Peters, City Engineer

**REVIEWED BY:** AP

**AGENDA ITEM:** Award Well 12 Raw Water Line Improvements Project

**ACTION REQUESTED:** \_\_\_Ordinance \_\_\_Resolution ✓ Motion \_\_\_Receive/File

### **EXECUTIVE SUMMARY**

The City solicited bids from contractors for the Well 12 Raw Water Line Improvements project. This Project will construct a water main to convey raw water from Well 12 at Lincoln Street & Earl Street to a future water treatment plant on Kern Street, as well as a water main to convey potable water from the treatment plant to the main on 18<sup>th</sup> Avenue. On April 23, 2019, the City received four responsive bids for the project ranging from \$416,713.00 to \$682,424.00. The low bid was submitted by Floyd Johnston Construction from Clovis, California in the amount of \$416,713.00. The Engineer's Estimate for the project was \$370,280.00.

### **RECOMMENDED ACTION BY CITY COUNCIL**

Award the Well 12 Raw Water Line Improvements project to Floyd Johnston Construction bid in the amount of \$416,713.00.

### **POLICY ALTERNATIVE(S)**

None

### **REASON FOR RECOMMENDATION/KEY METRIC**

Floyd Johnston Construction was the lowest responsible bidder.

### **FINANCIAL INFORMATION**

#### **FISCAL IMPACT:**

- |                              |                   |
|------------------------------|-------------------|
| 1. Is There A Fiscal Impact? | <u>Yes</u>        |
| 2. Is it Currently Budgeted? | <u>Yes</u>        |
| 3. If Budgeted, Which Line?  | 318-5100-549-5772 |

### **FINANCIAL SUMMARY**

Project is funded by local funds budgeted in FY 2018-19.

### **PRIOR ACTION/REVIEW**

None

**BACKGROUND INFORMATION**

The City solicited bids from contractors for the Well 12 Raw Water Line Improvements project. This Project will construct a water main to convey raw water from Well 12 at Lincoln Street & Earl Street to a future water treatment plant on Kern Street, as well as a water main to convey potable water from the treatment plant to the main on 18<sup>th</sup> Avenue. On April 23, 2019, the City received four responsive bids for the project ranging from \$416,713.00 to \$682,424.00. The low bid was submitted by Floyd Johnston Construction from Clovis, California in the amount of \$416,713.00. The Engineer's Estimate for the project was \$370,280.00.

**ATTACHED INFORMATION**

1. Bid Summary attached.

# CITY OF KINGSBURG - Well 12 Raw Water Line Improvements

**BID SUMMARY 04/23/18**

**#1**

**#2**

Engineer's Estimate

Floyd Johnston Construction

Bill Nelson Gen Eng Const, Inc.

**BASE BID SCHEDULE: Sierra Street to Plumas Street**

**\*\*NON-RESPONSIVE\*\***

Item No.	Quantity	Unit	Item Description	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
1	1	LS	Mobilization	\$30,000.00	\$30,000.00	\$7,000.00	\$7,000.00	\$30,000.00	\$30,000.00
2	1	LS	Traffic Control	\$5,000.00	\$5,000.00	\$40,500.00	\$40,500.00	\$32,000.00	\$32,000.00
3	1	LS	Dust Control	\$2,500.00	\$2,500.00	\$1,800.00	\$1,800.00	\$3,000.00	\$3,000.00
4	1	LS	Clearing and Grubbing	\$2,500.00	\$2,500.00	\$7,650.00	\$7,650.00	\$7,500.00	\$7,500.00
5	636	TON	Hot Mix Asphalt Trench Resurfacing	\$100.00	\$63,600.00	\$170.00	\$108,120.00	\$140.00	\$89,040.00
6	2,953	LF	12" C900 PVC Pipe	\$60.00	\$177,180.00	\$51.00	\$150,603.00	\$55.00	\$162,415.00
7	8	EA	Gate Valve - 12"	\$3,000.00	\$24,000.00	\$3,000.00	\$24,000.00	\$3,300.00	\$26,400.00
8	2	EA	Fire Hydrant Assembly	\$5,500.00	\$11,000.00	\$6,870.00	\$13,740.00	\$6,500.00	\$13,000.00
9	1	EA	1" Water Service Connection	\$1,500.00	\$1,500.00	\$1,600.00	\$1,600.00	\$3,500.00	\$3,500.00
10	4	EA	Connection to Existing Facilities	\$4,500.00	\$18,000.00	\$1,500.00	\$6,000.00	\$5,500.00	\$22,000.00
11	1	LS	Pavement Striping	\$10,000.00	\$10,000.00	\$15,000.00	\$15,000.00	\$11,025.00	\$11,025.00
12	1	LS	Miscellaneous Facilities and Operations	\$5,000.00	\$5,000.00	\$20,700.00	\$20,700.00	\$5,000.00	\$5,000.00
13	1	LS	Supplemental Work	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
<b>TOTAL:</b>					<b>\$370,280.00</b>		<b>\$416,713.00</b>		<b>\$424,880.00</b>

**#3**

**#4**

**#5**

Steve Dovali Construction, Inc.

West Valley Construction

Lyles Utility Construction, LLC

**BASE BID SCHEDULE: Sierra Street to Plumas Street**

Item No.	Quantity	Unit	Item Description	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
1	1	LS	Mobilization	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$27,000.00	\$27,000.00
2	1	LS	Traffic Control	\$12,000.00	\$12,000.00	\$37,500.00	\$37,500.00	\$48,900.00	\$48,900.00
3	1	LS	Dust Control	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$4,300.00	\$4,300.00
4	1	LS	Clearing and Grubbing	\$28,850.00	\$28,850.00	\$6,000.00	\$6,000.00	\$19,000.00	\$19,000.00
5	636	TON	Hot Mix Asphalt Trench Resurfacing	\$169.00	\$107,484.00	\$205.00	\$130,380.00	\$284.00	\$180,624.00
6	2,953	LF	12" C900 PVC Pipe	\$54.75	\$161,676.75	\$72.00	\$212,616.00	\$100.00	\$295,300.00
7	8	EA	Gate Valve - 12"	\$3,500.00	\$28,000.00	\$2,500.00	\$20,000.00	\$4,400.00	\$35,200.00
8	2	EA	Fire Hydrant Assembly	\$6,855.00	\$13,710.00	\$5,600.00	\$11,200.00	\$7,800.00	\$15,600.00
9	1	EA	1" Water Service Connection	\$2,820.00	\$2,820.00	\$2,150.00	\$2,150.00	\$1,600.00	\$1,600.00
10	4	EA	Connection to Existing Facilities	\$2,700.00	\$10,800.00	\$5,500.00	\$22,000.00	\$3,800.00	\$15,200.00
11	1	LS	Pavement Striping	\$11,760.00	\$11,760.00	\$11,000.00	\$11,000.00	\$12,400.00	\$12,400.00
12	1	LS	Miscellaneous Facilities and Operations	\$7,580.00	\$7,580.00	\$120,000.00	\$120,000.00	\$7,300.00	\$7,300.00
13	1	LS	Supplemental Work	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
<b>TOTAL:</b>					<b>\$435,680.75</b>		<b>\$623,846.00</b>		<b>\$682,424.00</b>



Meeting Date: 05/15/2019  
Agenda Item: 4.9

## CITY COUNCIL MEETING STAFF REPORT

REPORT TO: Mayor Roman & City Council

REPORT FROM: David Peters, City Engineer

REVIEWED BY: AP

AGENDA ITEM: Acceptance of Wayfinding Improvements Project

ACTION REQUESTED: ☐ Ordinance ☒ Resolution ☒ Motion ☐ Receive/File

### **EXECUTIVE SUMMARY**

The City Council previously awarded a contract to Frank & Son dba Express Sign & Neon Company for the Wayfinding Improvements project. The project was completed to the satisfaction of the City Engineer and the Public Works Department staff. The one-year warranty period will begin upon the filing of the Notice of Completion which will follow the Council's acceptance of the project.

### **RECOMMENDED ACTION BY CITY COUNCIL**

Accept the Wayfinding Improvements project completed by to Frank & Son dba Express Sign & Neon Company and authorize the City Engineer to file the Notice of Completion.

### **POLICY ALTERNATIVE(S)**

None

### **REASON FOR RECOMMENDATION/KEY METRIC**

Frank & Son dba Express Sign & Neon Company completed the project to the satisfaction of the City Engineer.

### **FINANCIAL INFORMATION**

#### **FISCAL IMPACT:**

- |                              |            |
|------------------------------|------------|
| 1. Is There A Fiscal Impact? | <u>No</u>  |
| 2. Is it Currently Budgeted? | <u>N/A</u> |
| 3. If Budgeted, Which Line?  | <u>N/A</u> |

### **FINANCIAL SUMMARY**

None

### **PRIOR ACTION/REVIEW**

None

### **BACKGROUND INFORMATION**

None



## *City of Kingsburg*

1401 Draper Street, Kingsburg, CA 93631-1908  
(559) 897-5821 Fax: (559) 897-5568

Michelle Roman  
Mayor

Laura North  
Mayor Pro Tem

### COUNCIL MEMBERS

Sherman Dix

Vince Palomar

Jewel Hurtado

Alexander J. Henderson  
City Manager

May 15, 2019

Dear David,

I'm writing you to offer congratulations on your nomination and award for the employee recognition program with the City of Kingsburg. Kingsburg is a wonderful community that is maintained through the hard work of our citizens, volunteers, and employees.

Please accept congratulations from the City Council and me. We sincerely thank you for the hard work you have given in keeping our community a safe place to live, work and play. Having dedicated individuals such as yourself gives Kingsburg an invaluable asset, especially when it involves the quality life of our residents and visitors.

You were nominated by your peers for several reasons, including your meticulous efforts to keep the downtown beautiful in a variety of ways, including hanging the seasonal banners, responding to requests from business owners, keeping our alleys/paseos clean, and more.

We know your daily public service and commitment to the community can go unrecognized but want you to know your efforts are an important part of our downtown and community culture. You are always willing to step up and take on additional tasks for the community and your work does not go unnoticed.

Again, thank you and congratulations.

Respectfully,

Alex Henderson  
City Manager



# CITY OF KINGSBURG

## POLICE DEPARTMENT

1300 California Street, Kingsburg, CA 93631 (559) 897-4418

Neil Dadian  
Chief of Police

To: Mayor & City Council

From: Corina Padilla

Date: May 10, 2019

Subject: April Crime Statistics & Prevention Update

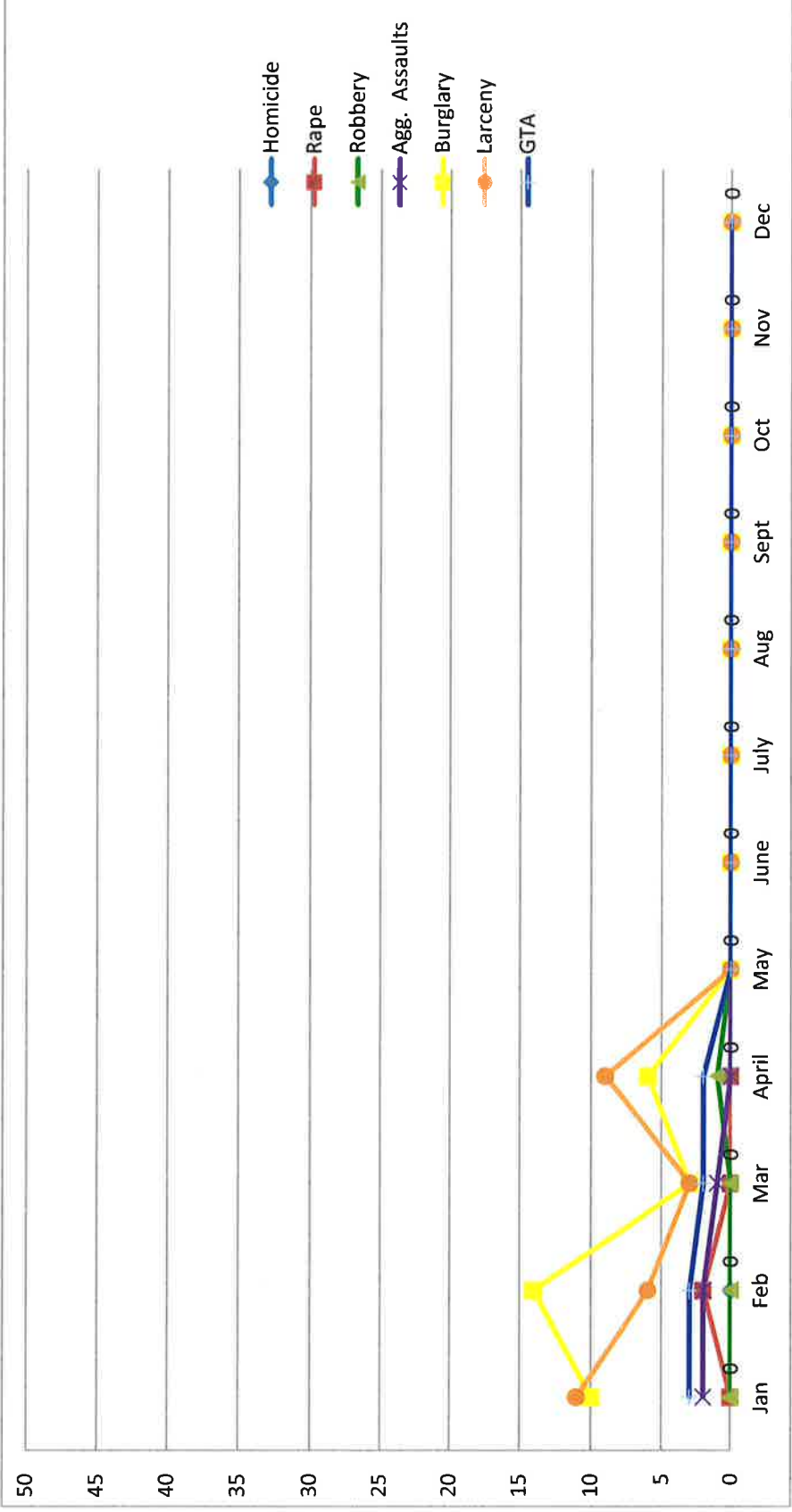
- Part I Crimes increased by nine.
- Other Offenses decreased by four.
- Traffic collisions increased by four.
- The number of arrests decreased by six.
- Traffic citations decreased by 41.
- Calls service data will be added upon completion of Mark 43 programming.

We continue to use Facebook, Kingsburg PD mobile application, Twitter, and NIXLE as situations warrant in order to keep our citizens informed.

## Crime and Activity Report

[illegible]

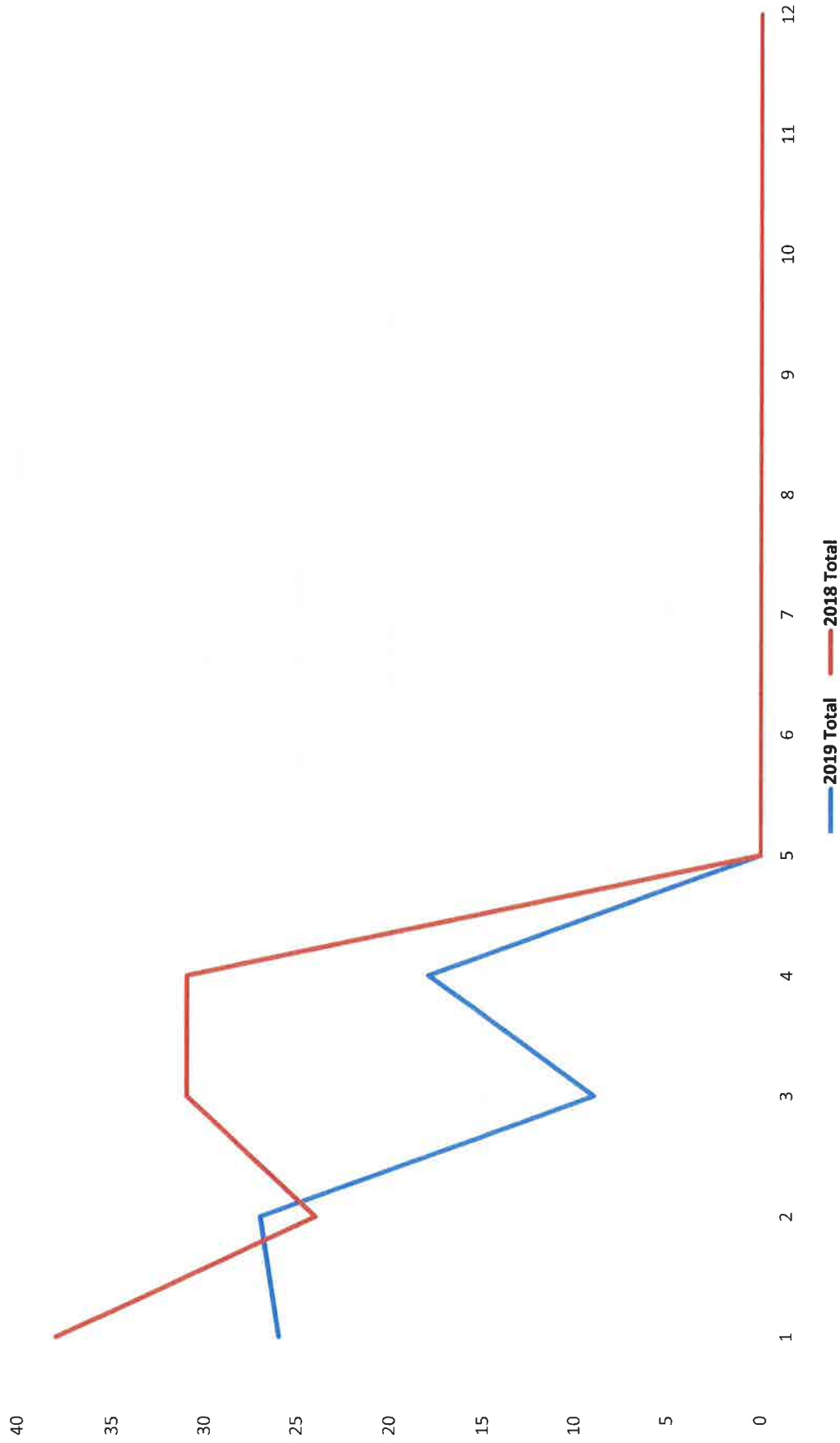
## 2019 Part I Crimes

[illegible]

Kingsburg Police Department  
2019 Part I Crimes

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	2018/2019
2019 Total	26	27	9	18	0	0	0	0	0	0	0	0	80	%Change
2018 Total	38	24	31	31	0	0	0	0	0	0	0	0	124	-35.00%

2017/2018 Part I Comparison

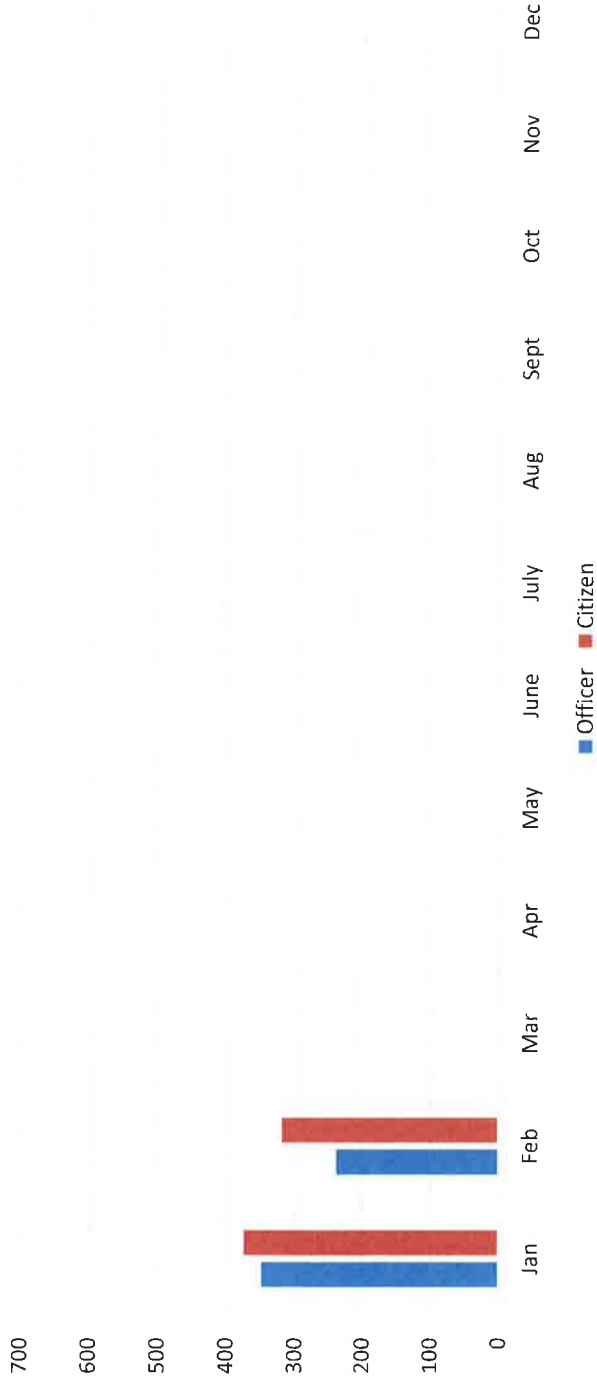


# Kingsburg Police Department

2019

Initiated	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	Monthly %
Officer	348	238	0	0	0	0	0	0	0	0	0	0	586	-32%
Citizen	373	318	0	0	0	0	0	0	0	0	0	0	691	-15%
TOTAL	721	556	0	0	0	0	0	0	0	0	0	0	1277	-23%
Average Calls per Day	23.3	20	0	0	0	0	0	0	0	0	0	0		

2019 Calls for Service





Meeting Date: 05/15/2019  
Agenda Item: 5.6

## CITY COUNCIL MEETING STAFF REPORT

**REPORT TO:** Mayor Roman & City Council

**REPORT FROM:** Abigail Palsgaard, City Clerk

**REVIEWED BY:** AH

**AGENDA ITEM:** Short Term Rental Ordinance

**ACTION REQUESTED:** ☐ Ordinance ☐ Resolution ☐ Motion ☒ Receive/File

### EXECUTIVE SUMMARY

The Council adopted Ordinance 2018-006 on December 19, 2018 to address short-term rentals (Air BnB) based upon an uptick in activity. The ordinance went into effect on January 20, 2019. Since adoptions, two properties have completed the process and received approval to operate.

Since adoption, staff and council have received feedback from the public regarding the ordinance and Council has directed staff to bring it back for continued discussion.

Some highlights of enforcement and allowed uses are:

17.56.101. H. 6.:

"Short-term rental dwellings and short-term rental unit(s) shall be used only for overnight lodging accommodations. At no time shall a short-term rental unit or short-term rental dwelling be used for activities in excess of the occupancy limits established in subsection 8 of this subsection H, or for weddings, receptions, parties, commercial functions, conferences, or other similar assemblies that are separate from the purpose of lodging."

17.56.101. H. 11.:

"All vehicles of occupants of a short-term rental unit shall be parked only in an approved driveway or garage on the short-term rental dwelling... In no event shall off-street parking include the use of landscaped areas, any private or public sidewalk, parkway, walkway or alley (or any portion thereof) located on, at or adjacent to the short-term rental dwelling, or the blocking of the driveway or street in front of the short-term rental."

17.56.101. H. 13.:

"If the code enforcement officer or police department has received a complaint concerning a suspected violation of this subsection or of the code or any applicable law, rule, or regulation pertaining to the use or occupancy of a short-term rental dwelling, or if the code enforcement officer or police department has reason to believe that such a violation has occurred, the code enforcement officer or the police department may notify the owner or the local contact person of the complaint or suspected violation and the notified person shall cooperate in facilitating the investigation and the

correction of the suspected violation. Failure of the owner or the local contact person to affirmatively respond to the officer’s request within forty-five (45) minutes and reasonably cooperating in facilitating the investigation and the correction of the suspected violation shall be deemed to be a violation of this subsection and the home occupancy permit.”

17.56.101. H. 17.:

“It is unlawful for any owner, occupant, renter, person present upon, or person having charge or possession of a short-term rental to make or continue or cause to be made or continued any loud, unnecessary or unusual noise which disturbs the peace and quiet of any neighborhood or which causes discomfort or annoyance to any reasonable person of normal sensitivity residing in the area, or violates any other applicable provision of the code.”

17.56.101. H. 18.:

“The owner and the local contact person shall ensure that the occupants of a short-term rental dwelling do not create unreasonable noise or disturbances, engage in disorderly conduct, or violate provisions of the code or any State law pertaining to noise, disorderly conduct, overcrowding, the consumption of alcohol, or the use of illegal drugs. Owners and local contact persons are expected to take any measures necessary to abate disturbances, including, but not limited to, directing the occupants of a short-term rental dwelling to cease the disturbing conduct, calling for law enforcement services or enforcement officers, removing the occupant(s), or taking any other action necessary to immediately abate the disturbance.”

17.56.101. H. 22.:

“The violation or breach of any provision of this Section 17.56.010 H. shall result in the revocation of the home occupancy permit for the short-term rental.”

**RECOMMENDED ACTION BY CITY COUNCIL**

- 1. *Provide direction to staff regarding Ordinance 2018-006.*

**POLICY ALTERNATIVE(S)**

- 1. *None*

**FINANCIAL INFORMATION**

**FISCAL IMPACT:**

- |                              |                     |
|------------------------------|---------------------|
| 1. Is There A Fiscal Impact? | <u>Possible/TOT</u> |
| 2. Is it Currently Budgeted? | <u>No</u>           |
| 3. If Budgeted, Which Line?  | <u>N/A</u>          |

**ATTACHED INFORMATION**

- 1. Adopted Short Term Rental Ordinance 2018-006

**ORDINANCE NO. 2018 -006**

**AN ORDINANCE OF THE CITY OF KINGSBURG AMENDING  
SECTION 17.56.010, OF CHAPTER 17.56 OF TITLE 17 OF THE KINGSBURG MUNICIPAL  
CODE ADDING SHORT-TERM RENTALS AS A HOME OCCUPATION**

**The City Council of the City of Kingsburg does ordain as follows:**

Section 1. Section 17.56.010 of Chapter 17.56.010 of Title 17 of the Kingsburg Municipal Code is hereby amended as follows:

Section 17.56.010 A. is amended in its entirety as follows: “Procedures. Home occupations and short-term rental of houses or condominiums shall be permitted only in accordance with the provisions of this section, and a home occupation permit shall be valid only for the applicant to whom it was issued while the applicant operates the business or short-term rental in the location specified in the permit. The permit cannot be transferred to another owner, applicant or location. The terms of the permit cannot be modified except by applying for a new permit. For purposes of this section and any other applicable provision of this code, the words “home occupation” shall include short-term rental of houses and condominiums in accordance with the provisions of Section 17.56.010.H.”

Section 17.56.010 B.2. is amended in its entirety as follows: “A home occupation shall not be conducted in any accessory structure other than a garage. Except that, a garage or accessory structure cannot be used as a short-term rental. There shall be no storage of equipment or supplies outside the dwelling or in any accessory structure other than a garage.”

Section 17.56.010 B.3. is amended in its entirety as follows: “No one other than a resident of the dwelling shall be employed in the conduct of the home occupation. Except that, the owner of the house or condominium may hire an agent to act as the “local contact person” to manage a short-term rental.

Section 17.56.010 B.6. is amended in its entirety as follows: A home occupation may involve the performance of business services in which goods, wares and merchandise are not commercially created, sold or exchanged, but shall not include, medical offices, tattoo parlors, fortune tellers, palm readers, beauty salons, barber shops or similar services.”

1           Section 17.56.010 B.13. is amended to add the following language to the beginning of the first  
2 sentence of this Section: “Except for short-term rentals,”

3           Section 17.56.010 C. is amended to add the following language to the last sentence of the first  
4 paragraph of subsection C.: The applicant must sign the form, verifying that the home occupation, if  
5 approved, will comply with the standards listed in Subsection B and/or Subsection H of this section.”

6           Section 17.56.010 C. is amended to add the following language to the first sentence of the second  
7 paragraph of subsection C.: “The planning and development director or his/her designee shall review the  
8 application and determine whether the proposed business use meets the standards of Subsection B and/or  
9 Subsection H of this section ...”.

10          Section 17.56.010 H. is added to Section 17.56.010 as follows:

11                 “H.       Operating standards for short-term rentals.

12          In addition to all other applicable requirements of this chapter, and notwithstanding any contrary  
13 provisions in the Kingsburg Municipal Code (“code”), short-term rentals are subject to the following  
14 operational standards:

15                 1.       Definitions. The definitions in this subsection shall govern the construction, meaning,  
16 and application of the following words and phrases used in this section:

17                         a.       “Local contact person” shall mean a person designated by an owner or the  
18 owner’s agent, who, if designated to act as such, shall be available to respond to notification of a  
19 complaint regarding the house or condominium (collectively “dwelling”), and take remedial action  
20 necessary, as required under subsection 4 of this subsection H. A local contact person may be the owner  
21 of the dwelling or the owner’s designated agent.

22                         b.       “Occupant” shall mean any person who is on or in a short-term rental property  
23 other than service providers or the owner, whether or not the person stays overnight.

24                         c.       “Operator” shall mean the owner or the designated agent of the owner who is  
25 responsible for compliance with the provisions of this subsection.

26                         d.       “Owner” shall mean the person(s) or entity(ies) that holds legal or equitable title  
27 to a dwelling. “Owner” does not include a lessee of the dwelling.  
28

1 e. "Short-term rental" shall mean the rental of a single-family house or single-  
2 family condominium or a portion thereof by the owner to another person or group of persons for  
3 occupancy, dwelling, lodging or sleeping purposes for a period of less than thirty (30) consecutive  
4 calendar days. The rental of units within City-approved hotels, motels, bed and breakfasts, and time-share  
5 projects shall not be considered to be a short-term rental.

6 f. "Short-term rental unit" shall mean the habitable interior space of a dwelling, or  
7 any portion thereof, that is being rented, or is intended to be rented, as a short-term rental to a person or  
8 group of persons.

9 2. The owner of a short-term rental unit shall not be relieved of any personal responsibility  
10 or personal liability for noncompliance with any applicable law, rule or regulation pertaining to the use  
11 and occupancy of the short-term rental unit, regardless of whether such noncompliance was committed  
12 by the owner's agent, a local contact person or the occupants of the owner's short-term rental unit.

13 3. The owner shall ensure that the short-term rental dwelling and short-term rental unit(s)  
14 comply with all applicable codes regarding fire, building and safety, health and safety, and all other  
15 relevant laws, regulations and ordinances, obtain all permits required, including, without limitation, a  
16 home occupation permit issued in accordance with the provisions of this section, and pay all applicable  
17 fees.

18 4. While a short-term rental unit is rented, the owner or a local contact person shall be  
19 available by telephone twenty-four (24) hours per day, seven (7) days per week to respond to complaints  
20 regarding the use, condition, operation or conduct of occupants of a short-term rental unit. The owner or  
21 a local contact person must be on the premises of the short-term rental dwelling at the request of a code  
22 enforcement officer or the City's Police Department within forty-five (45) minutes after contact to  
23 satisfactorily correct or take remedial action necessary to resolve any complaint, alleged nuisance or  
24 violation of this chapter or the code by occupants occurring at the short-term rental dwelling. Failure of  
25 the owner or a local contact person to respond to calls or complaints in a timely and appropriate manner  
26 shall be grounds for revocation of the home occupation permit for the short-term rental.  
27  
28

1           5.       Within ten (10) calendar days following the issuance of a home occupation permit for a  
2 short-term rental, the owner shall mail or personally deliver in writing (“Short Term Rental Notice”) the  
3 following information to the owners and occupants of properties contiguous to and directly across the  
4 street (or alley or other right-of-way) from the short-term rental dwelling as determined by the City: the  
5 name and telephone number of the person, whether the owner or the local contact person, who shall be  
6 available twenty-four (24) hours per day, seven (7) days per week to respond to complaints regarding the  
7 use, condition, operation or conduct of occupants of a short-term rental unit. Thereafter, within thirty  
8 (30) days following the issuance of the home occupation permit, the owner shall sign under penalty of  
9 perjury, and submit to the City Clerk, a dated written certification that the required mailing or delivery  
10 was completed. At any time during the pendency of a home occupation permit for a short-term rental any  
11 information in the Short Term Rental Notice changes, the owner shall, within ten (10) calendar days  
12 following the change in information, mail or personally deliver in writing the updated Short-Term Rental  
13 Notice setting forth the new information to maintain accuracy and shall also promptly submit to the City  
14 Clerk a signed (under penalty of perjury) and dated written certification that the required mailing or  
15 delivery of the updated Short Term Rental Notice was completed.

16           6.       Short-term rental dwellings and short-term rental unit(s) shall be used only for overnight  
17 lodging accommodations. At no time shall a short-term rental unit or short-term rental dwelling be used  
18 for activities in excess of the occupancy limits established in subsection 8 of this subsection H, or for  
19 weddings, receptions, parties, commercial functions, conferences, or other similar assemblies that are  
20 separate from the purpose of lodging.

21           7.       All advertising appearing in any written publication or on any website that promotes the  
22 availability or existence of a short-term rental shall include the City-issued home occupation permit  
23 number as part of the rental offering. No person shall advertise the use of a dwelling as a short-term  
24 rental unless the City has approved a home occupation permit for short-term rental of the dwelling in  
25 accordance with this section.  
26  
27  
28

8. The owner shall limit occupancy of a short-term rental dwelling to a specific number of occupants. The following table sets forth the maximum number of occupants for all short-term rentals:

Number of Bedrooms	Total Occupants
0-Studio	2
1	4
2	7
3	9
4	10

If the home occupation permit for a short-term rental limits occupancy of the dwelling to a number less than that shown on the table, the limit set forth in the home occupation permit shall control.

9. Only the habitable interior portions of a dwelling shall be utilized as a short-term rental. No garages, tents, camper trailers, recreational vehicles, or other exterior structures or spaces shall be used as short-term rentals.

10. In any advertising concerning the availability of a dwelling as a short-term rental, the owner or a local contact person shall advertise the maximum number of occupants allowed to occupy the short-term rental.

11. All vehicles of occupants of a short-term rental unit shall be parked only in an approved driveway or garage on the short-term rental dwelling. The maximum number of vehicles allowed on a short-term rental dwelling shall be limited to the number of available off-street parking spaces; however, any short-term rental dwelling must have a minimum of two (2) off-street parking spaces. The owner shall provide access to the garage of the dwelling if that area has been included in the determination of the number of available off-street parking spaces pursuant to this subsection. In no event shall off-street parking include the use of landscaped areas, any private or public sidewalk, parkway, walkway or alley

(or any portion thereof) located on, at or adjacent to the short-term rental dwelling, or the blocking of the driveway or street in front of the short-term rental. The term “sidewalk” shall include that portion of a driveway that is delineated for pedestrian travel or is in the public right-of-way.

12. No on-site exterior signs shall be posted advertising the availability of a short-term rental at the short-term rental dwelling.

13. If the code enforcement officer or police department has received a complaint concerning a suspected violation of this subsection or of the code or any applicable law, rule, or regulation pertaining to the use or occupancy of a short-term rental dwelling, or if the code enforcement officer or police department has reason to believe that such a violation has occurred, the code enforcement officer or the police department may notify the owner or the local contact person of the complaint or suspected violation and the notified person shall cooperate in facilitating the investigation and the correction of the suspected violation. Failure of the owner or the local contact person to affirmatively respond to the officer’s request within forty-five (45) minutes and reasonably cooperating in facilitating the investigation and the correction of the suspected violation shall be deemed to be a violation of this subsection and the home occupancy permit. Notwithstanding the foregoing, it is not intended that an owner or the local contact person act as a peace officer or place himself or herself in an at-risk situation.

14. No musical instrument, phonograph, loudspeaker, amplified or reproduced sound, or any machine or device for the production or reproduction of any sound shall be used outside or be audible from the outside of a short-term rental dwelling between the hours of 10:00 p.m. and 9:00 a.m.

15. Occupants shall not engage in outdoor activities on a short-term rental dwelling between the hours of 10:00 p.m. and 9:00 a.m. that involve the use of swimming pools, hot tubs, spas, tennis and paddleboard courts, play equipment and other similar and related improvements. The hours between 10:00 p.m. and 9:00 a.m. are considered to be “quiet time,” where all activities at a short-term rental dwelling shall be conducted inside of a short-term rental dwelling so that no outdoor activity will disturb the peace and quiet of the neighborhood adjacent to a short-term rental dwelling or cause discomfort or annoyance to any reasonable person of normal sensitivity residing in the area.

1           16.     Trash and refuse shall not be left stored within public view, except in proper containers  
2 for the purpose of collection by the responsible trash hauler, in accordance with the City requirements.  
3 The owner of a short-term rental dwelling shall provide sufficient trash collection containers and service  
4 to meet the demand of the occupants. The short-term rental dwelling shall be free of debris both on site  
5 and in the adjacent portion of the street.

6           17.     It is unlawful for any owner, occupant, renter, person present upon, or person having  
7 charge or possession of a short-term rental to make or continue or cause to be made or continued any  
8 loud, unnecessary or unusual noise which disturbs the peace and quiet of any neighborhood or which  
9 causes discomfort or annoyance to any reasonable person of normal sensitivity residing in the area, or  
10 violates any other applicable provision of the code.

11           18.     The owner and the local contact person shall ensure that the occupants of a short-term  
12 rental dwelling do not create unreasonable noise or disturbances, engage in disorderly conduct, or violate  
13 provisions of the code or any State law pertaining to noise, disorderly conduct, overcrowding, the  
14 consumption of alcohol, or the use of illegal drugs. Owners and local contact persons are expected to take  
15 any measures necessary to abate disturbances, including, but not limited to, directing the occupants of a  
16 short-term rental dwelling to cease the disturbing conduct, calling for law enforcement services or  
17 enforcement officers, removing the occupant(s), or taking any other action necessary to immediately  
18 abate the disturbance.

19           19.     The owner shall post a sign at a conspicuous location within the short-term rental  
20 dwelling advising occupants of all rules and operational standards imposed upon occupants under this  
21 subsection. The sign shall also include the telephone numbers for the City of Kingsburg, the Kingsburg  
22 Police Department and the Kingsburg Fire Department.

23           20.     All short-term rentals shall be subject to the City's transient occupancy tax, as required  
24 by Title 3, Chapter 3.16 of the code. For the purposes of this subsection, the definitions in Section  
25 3.16.020 of Title 3 of Chapter 3.16 of the code shall include the following: (i) the definition of "Hotel"  
26 shall include short-term rental unit and short term rental dwelling; (ii) the definition of "Occupancy"  
27 shall include the renting of a short-term rental unit or short-term rental dwelling; (iii) the definition of  
28

“Operator” shall include the owner of a short-term rental unit or short-term rental dwelling; (iv) the definition of “Rent” shall include the rent paid by the occupant of a short-term rental unit or short-term rental dwelling; and (v) the definition of a “Transient” shall include an occupant of a short-term rental unit or short-term rental dwelling. The owner shall also maintain at all times a valid Kingsburg business license. All transient occupancy tax statements shall be addressed to the owner and the local contact person.

21. Short-term rentals shall not exceed one short-term rental unit per short-term rental dwelling.

22. The violation or breach of any provision of this Section 17.56.010 H. shall result in the revocation of the home occupancy permit for the short-term rental.

Section 2. This ordinance shall take effect thirty (30) days after its adoption and shall become operative and in full force on January 20, 2019. Within fifteen (15) days after adoption, a summary of this ordinance shall be published with the names of the city council members voting for and against the same, once in a local newspaper of general circulation in the City of Kingsburg, County of Fresno, State of California.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Kingsburg duly called and held on the 19<sup>th</sup> day of December, 2018, by the following vote:

AYES:	Council Member(s):	Hurtado, Palomar, North and Mayor Roman
NOES:	Council Member(s):	None
ABSENT:	Council Member(s):	Dix
ABSTAIN:	Council Member(s):	None

APPROVED

\_\_\_\_\_  
Michelle Roman, Mayor

ATTEST:

\_\_\_\_\_  
Abigail Palsgaard, City Clerk

1 I, ABIGAIL PALSGAARD, City Clerk of the City of Kingsburg do hereby certify that the  
2 foregoing Ordinance was introduced at a regular meeting of the Kingsburg City Council held on the 5<sup>th</sup>  
3 day of December, 2018, and was adopted at a regular meeting of said Council held on the 19<sup>th</sup> day of  
4 December, 2018.

5  
6 Abigail Palsgaard, City Clerk  
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Meeting Date: 05/15/2019  
Agenda Item: 5.7

## CITY COUNCIL MEETING STAFF REPORT

**REPORT TO:** Mayor Roman & City Council

**REPORT FROM:** Abigail Palsgaard, City Clerk

**REVIEWED BY:** AH

**AGENDA ITEM:** Updated Fee Schedule

**ACTION REQUESTED:** ☐ Ordinance ☒ Resolution ☒ Motion ☐ Receive/File

### **EXECUTIVE SUMMARY**

As a part of an annual fiscal assessment, an analysis was done for the current fees assessed by the City for various entitlements; including the Fire Department fees, Police Department fees, Recreation fees and Miscellaneous fees. This year we present to Council the following changes:

Police Department Fees:	<u>Existing</u>	<u>Requested</u>
Reserve Officer	\$20.00	Remove
Regular Officer – Individual Overtime Rate + FICA		Remove
Police Officer	N/A	\$56.73/hour
Police Sergeant	N/A	\$67.74/hour

*This change in wording and amount brings transparency and clarifies the hourly rate based upon the officers being utilized for events.*

Fire Department Fees:	<u>Existing</u>	<u>Requested</u>
B-SAFE Voluntary Self-Inspection	N/A	\$20/inspection
B-SAFE Fire Department Inspection	N/A	\$120/inspection

*The Business Safety and Fire Education Program (B-SAFE) is an education program for small business and building owners which teaches the responsible party how to keep their employees, their customers, and their property fire safe by adhering to the requirements of the California Building and Fire Codes. Education materials and a self-inspection check-list allow for the business owner to educate him/herself and their employees in learning the safety inspection process.*

*More complex inspections and those businesses that present a larger potential for life and/or dollar loss will still need to be conducted by the Fire Department. These inspections include schools, large care facilities, hazardous occupancies, and assembly occupancies such as restaurants, movie theaters and auditoriums.*

Recreation Fees:	<u>Existing</u>	<u>Requested</u>
<b>After School Program</b>		
Per child per week	\$30	Remove
<b>Summer Recreation Program</b>		
Monthly morning program per child	N/A	\$146
Per Child per week	\$30	Remove
If nine (9) week program is paid in advance/child	\$230	Remove
Full Season all day program per child	N/A	\$522
Full season afternoon program per child	N/A	\$230
Full season morning program	N/A	\$262

*Staff is recommending removing the per week fee to help reduce staff time needed in processing the payments weekly, we also saw a high percentage of weekly fees coming in late and had difficulty in tracking late fees. This would consolidate fees to be paid on a monthly basis.*

*The additional 16.00 fee for the Summer Recreation morning program covers additional meals and snacks, transportation costs, and additional program expenses.*

*Staff is requesting having clarifying language for the Summer Recreation fees.*

#### **RECOMMENDED ACTION BY CITY COUNCIL**

1. Adopt Resolution 2019-028 updating the fees stated above in the Master Fee Schedule.

#### **POLICY ALTERNATIVE(S)**

1. Council could choose not to adopt the proposed fees.

#### **FINANCIAL INFORMATION**

##### **FISCAL IMPACT:**

- |                              |   |
|------------------------------|---|
| 1. Is There A Fiscal Impact? | <u>Yes</u>                              |
| 2. Is it Currently Budgeted? | <u>All but the Fire Department Fees</u> |
| 3. If Budgeted, Which Line?  | <u>Varies</u>                           |

#### **BACKGROUND INFORMATION**

See Executive Summary

#### **ATTACHED INFORMATION**

1. Resolution 2019-028

**RESOLUTION NO. 2019-024**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KINGSBURG TO ADD  
FIRE DEPARTMENT FEES, UPDATE POLICE DEPARTMENT FEES, PLANNING  
FEES AND MISCELLANEOUS FEES TO THE CITY OF KINGSBURG MASTER FEE  
SCHEDULE**

**WHEREAS**, on August 20, 2014, the Kingsburg City Council adopted Resolution 2014-33, which established the current Master Fee Schedule for the City of Kingsburg; and

**WHEREAS**, by adding this fee, the amended Master Fee Schedule shall provide a transparent fee for police services, add fees for B-SAFE fire safety inspections, raise the notary rate to reflect inflation and add the temporary sign permit fee ; and

**NOW THEREFORE, BE IT RESOLVED: That Resolution 2019-024 is approved, and the adjustments to the City of Kingsburg Master Fee Schedule are hereby incorporated, as outlined in Exhibit “A”.**

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Kingsburg duly called and held on the 15th day of May, 2019, by the following vote:

AYES: Council Member(s):  
NOES: Council Member(s):  
ABSTAIN: Council Member(s):  
ABSENT: Council Member(s):

---

Abigail Palsgaard, City Clerk

STATE OF CALIFORNIA     )  
COUNTY OF FRESNO       )ss  
CITY OF KINGSBURG        )

I, Abigail Palsgaard, City Clerk of the City of Kingsburg, do hereby certify the foregoing Resolution was duly passed and adopted at a regular meeting of said City Council held on the \_\_ day of \_\_\_\_\_, 2019.

Dated:

\_\_\_\_\_  
Abigail Palsgaard, City Clerk

**EXHIBIT "A"**  
**PROPOSED UPDATED**  
**MASTER FEE SCHEDULE**  
**CITY OF KINGSBURG**

<b>Police Department Fees:</b>	<b>Existing</b>	<b>Requested</b>
Reserve Officer	\$20.00	Remove
Regular Officer – Individual Overtime Rate + FICA		Remove
Police Officer		\$56.73/hour
Police Sergeant		\$67.74/hour
<b>Fire Department Fees:</b>	<b>Existing</b>	<b>Requested</b>
B-SAFE Voluntary Self-Inspection		\$20/inspection
B-SAFE Fire Department Inspection		\$120/inspection
<b>After School Program</b>		
Per child per week	\$30	Remove
<b>Summer Recreation Program</b>		
Monthly morning program per child	N/A	\$146
Per Child per week	\$30	Remove
If nine (9) week program is paid in advance/child	\$230	Remove
Full Season all day program per child	N/A	\$522
Full season afternoon program per child	N/A	\$230
Full season morning program	N/A	\$262



Meeting Date: 05/15/2019  
Agenda Item: 5.8

## CITY COUNCIL MEETING STAFF REPORT

**REPORT TO:** Mayor Roman & City Council

**REPORT FROM:** Alexander J. Henderson, City Manager; ICMA-CM

**REVIEWED BY:** AP

**AGENDA ITEM:** CalPERS Discussion

**ACTION REQUESTED:** ☐ Ordinance ☐ Resolution ☐ Motion ☒ Receive/File

### **EXECUTIVE SUMMARY**

As we continue our development of the annual budget, one of the more relevant topics is that of the pension liability that the City is obligated to pay. The City contracts with CalPERS for pension administration and has an annual contribution requirement that is derived from normal costs as well as an unfunded actuarial liability (UAL). The sum of these makes our total annual contribution.

In 2018, the City contracted with a private consultant firm, Bartel & Associates, to provide actuarial analysis (included for your review) of the City's obligations for the six plans we maintain with CalPERS. Those plans include:

- Classic Miscellaneous Employees
- Classic Police Safety Employees
- Classic Fire Safety Employees
- PEPRSA Miscellaneous Employees
- PEPRSA Safety Police Employees
- PEPRSA Safety Fire Employees

While the reports figures are now slightly dated (based upon 6/30/16 data), they help provide a long-term framework of what our contributions will look like.

Staff will provide a presentation that includes updated information (based upon 6/30/17 actuarial data) and provide an overview of the impact to this and future budgets.

### **RECOMMENDED ACTION BY CITY COUNCIL**

1. *Informational only. No action required.*

### **POLICY ALTERNATIVE(S)**

1. NA

### **STRATEGIC INITIATIVE**

1. Ensure Financial Stability
2. Improve Public Safety
3. Provide Recreation Opportunities for All Ages
4. Improve Community Communication
5. Increase Retail Opportunities
6. Promote Sustainable Development

## **FINANCIAL INFORMATION**

### **FISCAL IMPACT:**

- |                              |               |
|------------------------------|---------------|
| 1. Is There A Fiscal Impact? | <u>Yes</u>    |
| 2. Is it Currently Budgeted? | <u>Yes</u>    |
| 3. If Budgeted, Which Line?  | <u>Varies</u> |

## **PRIOR ACTION/REVIEW**

Each year, the City Council adopts capital purchases as part of the annual budget. The attached summary sheet captures each of the requests made by Department Heads and categorizes them based upon priority. This is part of a 5-year CIP plan that can be adjusted easily each year to modify, replace or continue with purchases during the annual budget process.

## **BACKGROUND INFORMATION**

See Executive Summary.

## **ATTACHED INFORMATION**

1. PowerPoint Presentation
2. 2018 Bartel & Associates Actuarial Report

A background image featuring a wooden Scrabble board with several tiles. A row of tiles in the center spells out "PENSIION". Other tiles with letters like A, B, C, S, E, and D are scattered around. The image has a yellow gradient overlay.

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# CalPERS Discussion

May 15, 2019

# Pension Funding

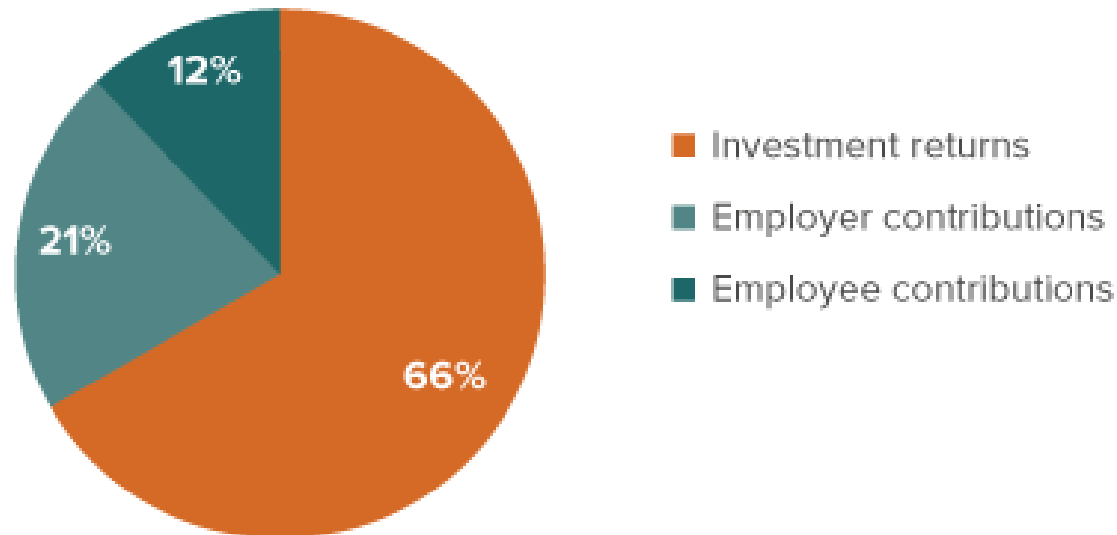
## Contributions

(Employer and Employee, calc'd by Actuary)



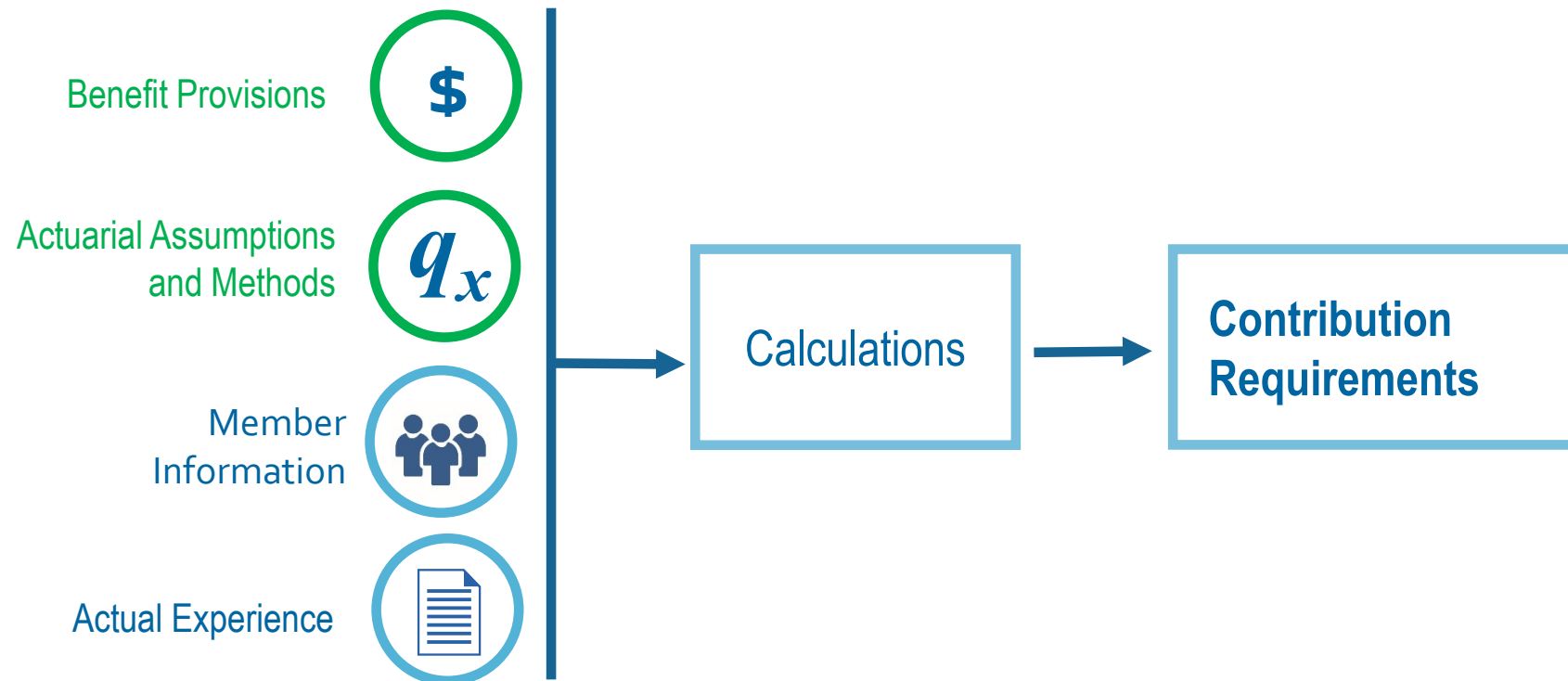
## Interest Earnings

(estimated by CalPERS – can be extremely volatile)



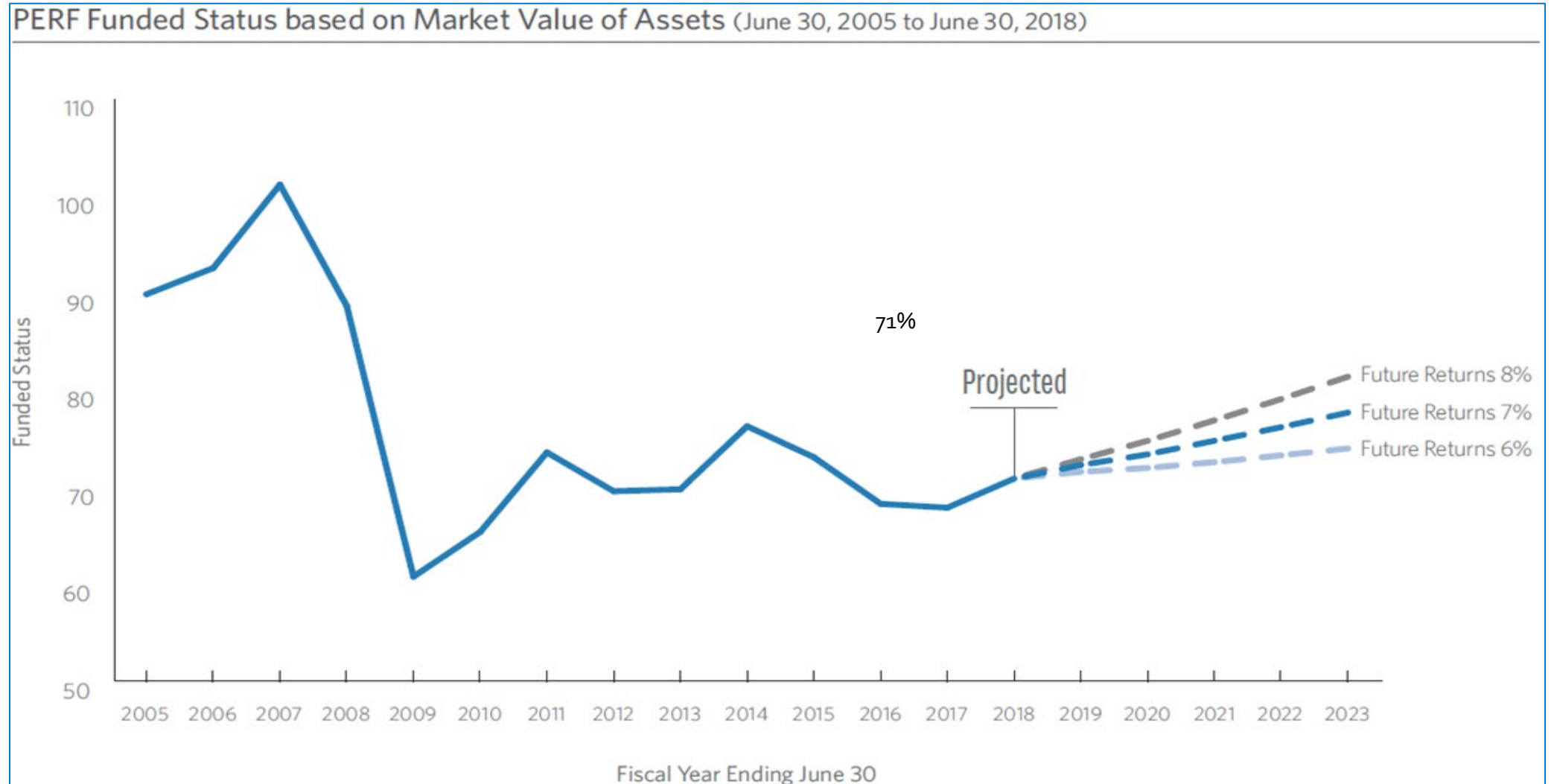
# Contribution Requirements

## What Goes into Employer Contribution Requirements

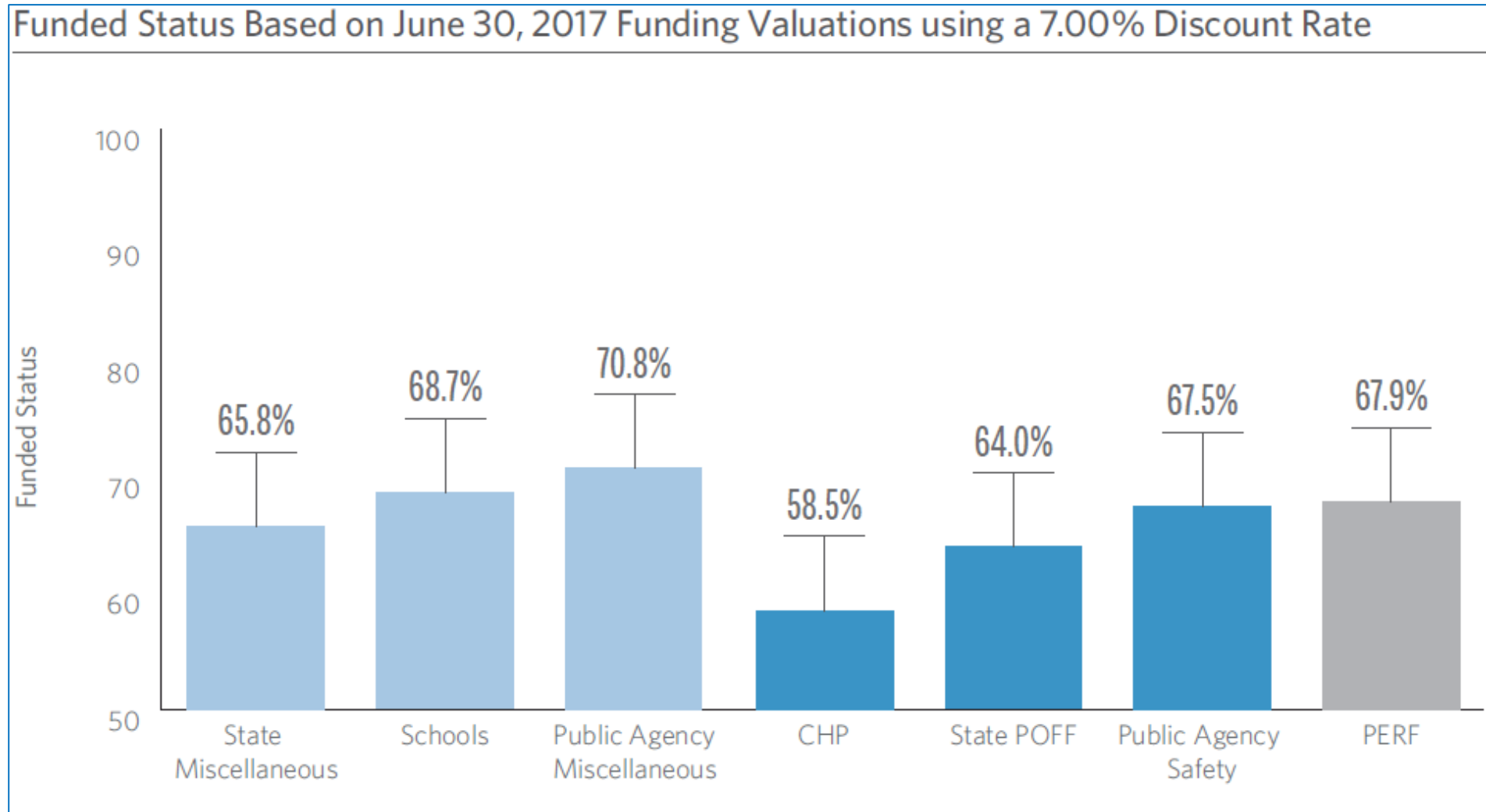


# Funding Levels

## History – PUBLIC EMPLOYEES RETIREMENT FUND (PERF)



# Funding Levels - by Plan Type - 7% Discount Rate



# PERS Activity

- Financial crisis saw CalPERS lose about 25% of assets.
- In 10-11: CalPERS needed an extra \$600 million from state taxpayers to help it cope with its losses from 2008.
- Dec 2016 – CalPERS board lowers discount rate to 7.0%, phased in over 3 years

## How Did We Get Here?

- Investment losses
- CalPERS Contribution Policy
- Enhanced Benefits
- Demographics

# City CalPERS Pension Plans

The City maintains six pensions plans for its employees

- Classic Miscellaneous Employees
- Classic Police Safety Employees
- Classic Fire Safety Employees
- PEPRM Miscellaneous Employees
- PEPRM Safety Police Employees
- PEPRM Safety Fire Employees

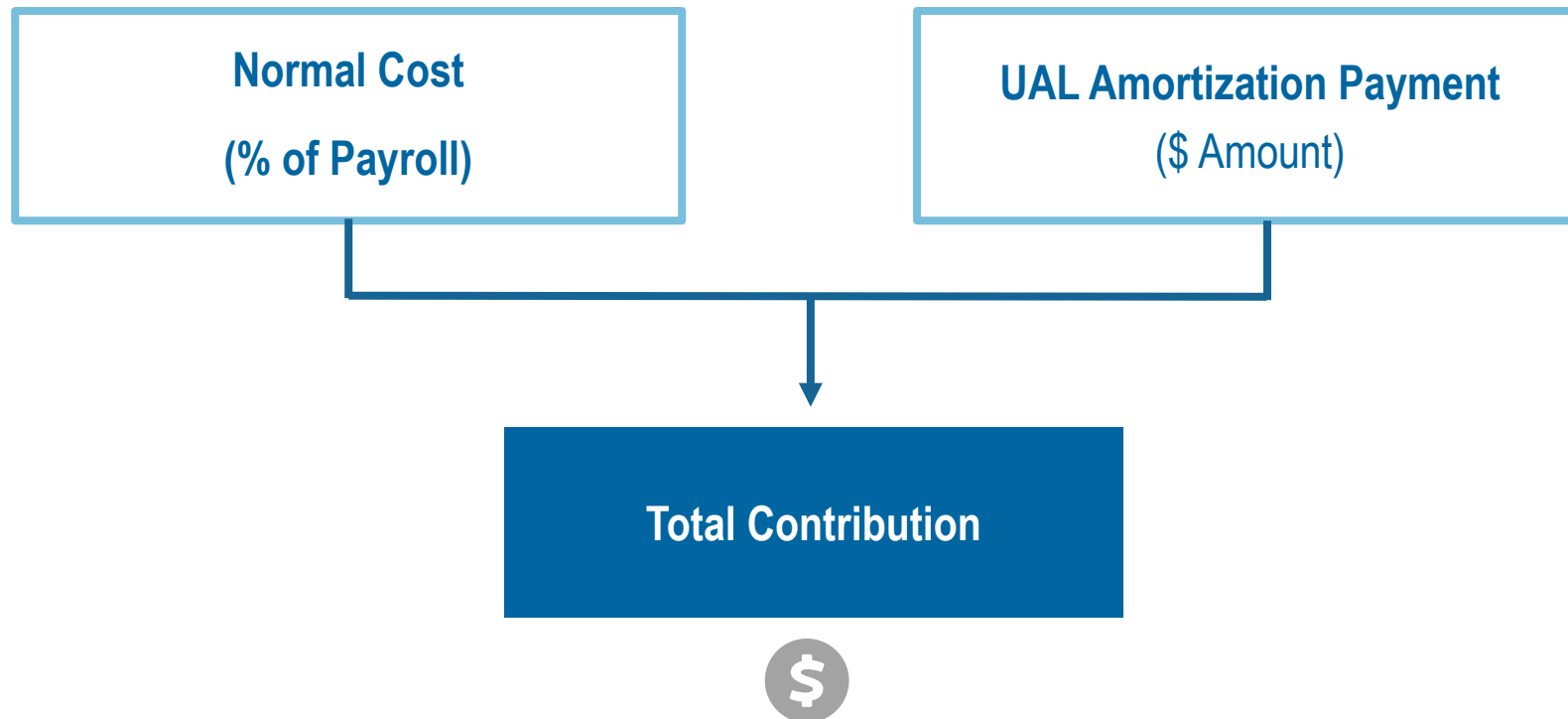


# Pension Reform

- CA Public Employee's Pension Reform (PEPRA) approved in 2012, into effect 1/1/13
  - Reduced benefits for new members (non-safety): 2% @ 62
  - Created new maximum benefit for safety
  - Capped annual salary that can be used (\$136,440)
  - Required employees to share equally in cost
  - Disallowed Employer-Paid Member Contributions
  - Required Three-Year Final Compensation
  - Placed restrictions on retirees returning to work for CalPERS agency

# Employer Contributions

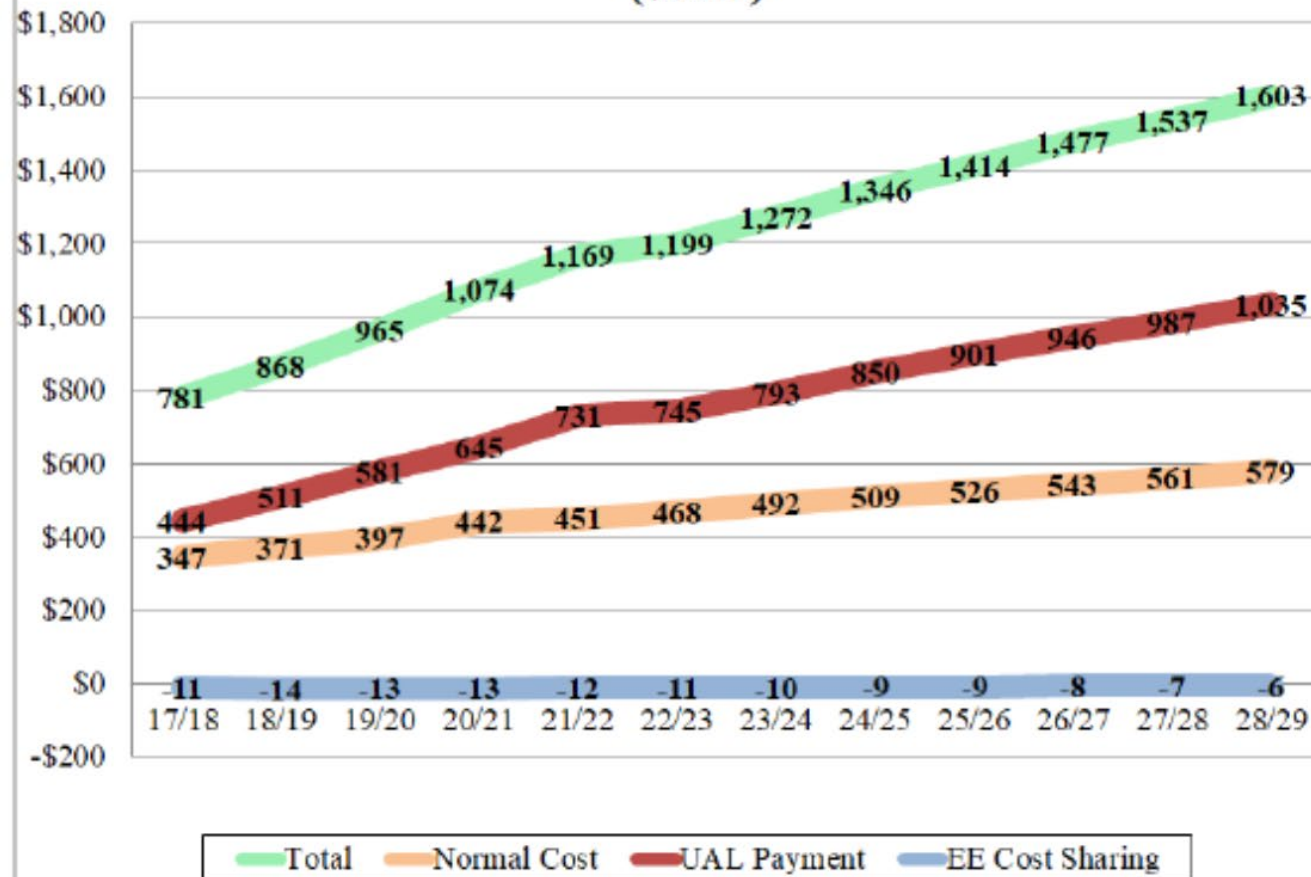
- ▶ Normal Cost
  - ▶ The contribution for current accrual of benefits.
- ▶ Unfunded Actuarial Liability (UAL)
  - ▶ Market value of plan assets is less than the present value of accrued benefits (i.e. liability).



	6/30/16 Valuation			
	Miscellaneous	Police	Fire	Total
<b>■ Actuarial Accrued Liability</b> <ul style="list-style-type: none"> <li>• Active</li> <li>• Retiree</li> <li>• Inactive</li> <li>• Total</li> </ul>	\$ 2,900,000 5,500,000 <u>800,000</u> 9,200,000	\$ 1,600,000 4,000,000 <u>2,800,000</u> 8,400,000	\$ 2,000,000 1,000,000 <u>700,000</u> 3,700,000	\$6,500,000 10,500,000 <u>4,300,000</u> 21,300,000
<b>■ Market Asset Value</b>	6,700,000	5,300,000	2,300,000	14,300,000
<b>■ (Unfunded Liability)</b>	(2,500,000)	(3,100,000)	(1,400,000)	(\$7,000,000)

## LIABILITY AND CONTRIBUTION SUMMARY

**Discount Rate Reduced from 7.5% to 7% over 3 Years  
(\$000s)**



**CALPERS UAL – City Payments**

	<b>FY 17/18</b>	<b>FY 18/19</b>	<b>FY 19/20</b>
<b>Plan</b>	<b>Lump Sum</b>	<b>Lump Sum</b>	<b>Lump Sum</b>
Miscellaneous	\$136,910	\$166,048	\$197,237
Pepra Misc.	\$83	\$264	\$3,583
Safety Fire	\$86,739	\$96,516	\$107,928
Pepra Safety Fire	\$162	\$399	\$4,877
Safety Police	\$204,010	\$228,854	\$257,289
Pepra Safety Police	\$182	\$689	\$5,542
<b>Total</b>	<b>\$428,086</b>	<b>\$492,770</b>	<b>\$576,456</b>

# What Have We Done?

## Employee Contributions:

1. Implemented Pension Reform: All PEPRAs Employees are required to pay 50% of their normal cost per law.
2. Police CLASSIC members are currently paying 12% of their contribution. This is the highest allowed amount without additional concessions through future negotiations. Safety Police normal cost for 18/19 is 26.6% of payroll, meaning employees pay ~45% of normal contribution rate (city picks up 55%).
3. Fire CLASSIC members currently in negotiation process. Currently CLASSIC members pay 10% of 26.6% plan.
4. Misc. CLASSIC members contribute ~7% of normal cost rate (total percentage of payroll is ~15.8%); equates to ~44% of normal contribution rate (city picks up 56%).

\* Continue to monitor CalPERS returns and examine possibility of additional employee contributions to get closer to 50/50 split.

# What Have We Done

July, 2018 – Council approves ‘waterfall’ of surplus funding to designated accounts:

## CalPERS Unfunded Accrued Liability (UAL) Fund (70%)

- Fund will be used to help pay down existing pension liability. Council can decide to use the fund to help stabilize future budgets, provide additional payments to lower long-term liability, or to invest in a 115 Trust.

## Economic Stabilization Fund (15%)

- Fund will be used to help stabilize future budgets in the instance of lower than anticipated revenues (including more volatile revenues: sales tax, transient occupancy, and building related fees). Use of the funds would only be with the approval of Council.

## Equipment Reserve Fund (15%)

- Fund to be used as a ‘drop account’ to help fund larger capital equipment items or to provided needed capital during revenue shortfall years. This will help avoid the deferral of capital items which then requires significant ‘catch-up’ years.



# What Else Can We Do?

## CalPERS Options:

- Fresh Start over a reduced period
- Additional Discretionary Payment on an ad hoc basis (ADP)
- Section 115 Trust

# Employers Taking Charge

## Accelerated Funding - Fresh Start

- Fresh Start
  - Must pay off bases faster than existing schedule
  - Creates new higher Minimum UAL payment
  - Significant long-term savings
  - Inflexible

\* Like refinancing your home mortgage from a 30-year to a 15-year.

# Employers Taking Charge

## Accelerated Funding - Section 115 Trust - Pension Prefunding Trust Considerations

Trust Prefunding Purpose (Type of Trust)	Benefit (PERF)	Contributions (115 Trust)
Source of Benefit Payments	Yes	No
Employer Contributions	Mandatory	Voluntary
Probable Duration of Invested Assets	Longer	Likely Shorter
Assets Reimbursable for Valid Expenses	No	Yes
Assets Offset GASB 68 Liabilities	Yes	No

# Employers Taking Charge

## Accelerated Funding - Additional Discretionary Payment (ADP)

- Ad Hoc Basis (ADP)
  - Short-term savings: Apply ADP to base with shortest remaining period
  - Long-term savings: Apply ADP to base with longest remaining period
  - Flexible

# What Can We Do?

July, 2018 – Council approves ‘waterfall’ of surplus funding to designated accounts:

## CalPERS Unfunded Accrued Liability (UAL) Fund (70%)

- Fund will be used to help pay down existing pension liability. Council can decide to use the fund to help stabilize future budgets, provide additional payments to lower long-term liability, or to invest in a 115 Trust.

## Economic Stabilization Fund (15%)

- Fund will be used to help stabilize future budgets in the instance of lower than anticipated revenues (including more volatile revenues: sales tax, transient occupancy, and building related fees). Use of the funds would only be with the approval of Council.

## Equipment Reserve Fund (15%)

- Fund to be used as a ‘drop account’ to help fund larger capital equipment items or to provided needed capital during revenue shortfall years. This will help avoid the deferral of capital items which then requires significant ‘catch-up’ years.



# 'Waterfall' Fund Balances

## Previous Fund Balance

2017 Audited Financials		
General Fund Balance	\$	3,628,142
2018/19 Proposed Budget Expenditures		
General Fund Expenditure Allocation	\$	5,625,853
20% Allocations Reserve- Per Policy	\$	1,125,171
Total Surplus	\$	2,502,971
Proposed Surplus Allocation		
CalPERS UAL Fund (70%)	\$	1,752,080
Economic Stabilization Fund (15%)	\$	375,446
Equipment Reserve (15%)	\$	375,446

Current Fund Balance		
2018 Audited Financials		
General Fund Balance	\$ 4,553,205	
2019-2020 Proposed Budget Expenditures		
General Fund Expenditure Allocation	\$ 5,625,853	
20% Allocations Reserve- Per Policy	\$ 1,125,171	
Total Surplus	\$ 3,428,034	
Proposed Surplus Allocation		
		17/18 Surplus 'Waterfall'
CalPERS UAL Fund (70%)	\$ 2,399,624	\$647,544.1
Economic Stabilization Fund (15%)	\$ 514,205	\$138,759.5
Equipment Reserve (15%)	\$ 514,205	\$138,759.5
		\$925,063.0

# Employers Taking Charge

## Accelerated Funding - Section 115 Trust - Pension Prefunding Tools

Potential Benefit	ADP	Fresh-Start	115 Trust
Immediate increase in valuation report funded status /decrease in UAL	Yes	No	No
Immediate reduction in Net Pension Liability for financial reporting	Yes	No	No
Long-term interest savings	Yes	Yes	Probable
Can be used to reduce contribution volatility	Yes	Yes	Yes
Potential source of required CalPERS contributions during budget shortfalls	No	No	Yes
Can be used to increase or decrease overall investment volatility of pension assets	No	No	Yes

# Next Steps...

- Await Updated June 30, 2018 Actuarial Documents (Aug. 2019).
- Staff will make recommendation on ADP options for select funds.
- Continue dialogue with labor groups.
- Continue to monitor CalPERS returns for options moving forward.



**BARTHEL**  
ASSOCIATES, LLC

**CITY OF KINGSBURG**  
**MISCELLANEOUS AND SAFETY PLANS**

**CalPERS Actuarial Issues – 6/30/16 Valuation**  
**Preliminary Results**

**Doug Pryor, Vice President**  
Bianca Lin, Assistant Vice President  
Wai Man Yam, Actuarial Analyst  
**Bartel Associates, LLC**

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## HOW WE GOT HERE

- Investment Losses
- Enhanced Benefits
- CalPERS Contribution Policy
- Demographics

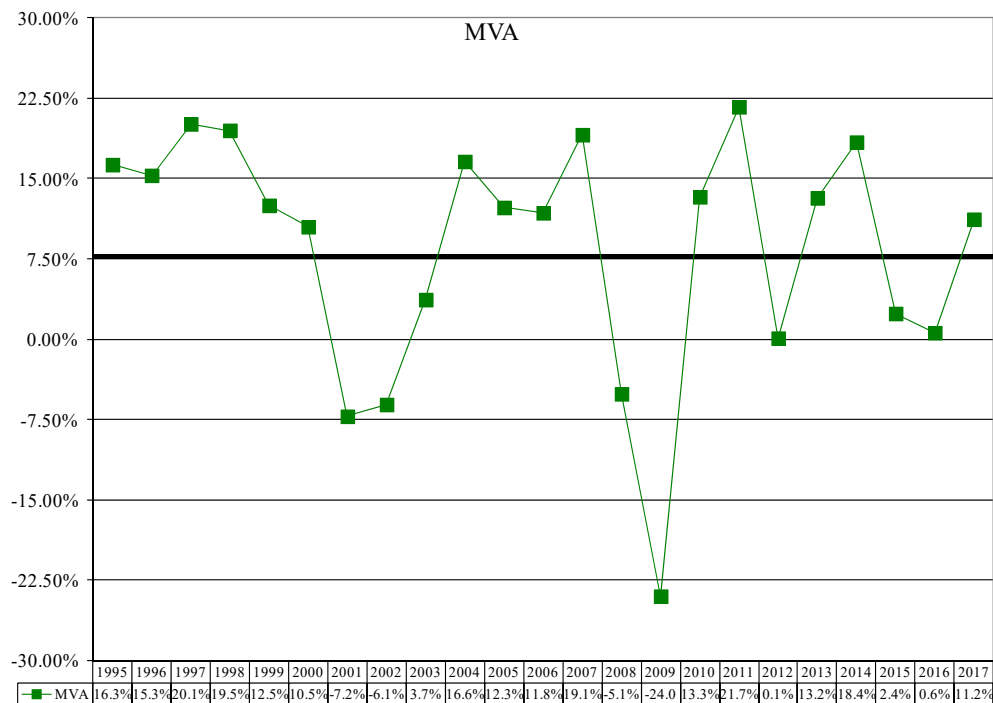


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## HOW WE GOT HERE – INVESTMENT RETURN



Above assumes contributions, payments, etc. received evenly throughout year.



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## HOW WE GOT HERE – ENHANCED BENEFITS

- At CalPERS, Enhanced Benefits implemented using all (future & prior) service
- Typically not negotiated with cost sharing

■ City	Tier 1	PEPRA
● Miscellaneous	2%@55 FAE3	2%@62 FAE3
● Police Safety	3%@55 FAE3	2.7%@57 FAE3
● Fire Safety	3%@55 FAE3	2.7%@57 FAE3

- Note:
  - FAE1 is highest one year (typically final) average earnings
  - FAE3 is highest three years (typically final three) average earnings



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## HOW WE GOT HERE – OLD CONTRIBUTION POLICY

- Effective with 2003 valuations:
  - Slow (15 year) recognition of investment losses into funded status
  - Rolling 30 year amortization of all (primarily investment) losses
- Designed to:
  - First smooth rates and
  - Second pay off UAL
- Mitigated contribution volatility



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## HOW WE GOT HERE – DEMOGRAPHICS

- Around the State
  - Large retiree liability compared to actives
  - Declining active population
- City percentage of liability belonging to retirees:
  - Miscellaneous 60%
  - Police Safety 48%
  - Fire Safety 27%



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## CALPERS CHANGES

- Contribution policy changes:
  - No asset smoothing
  - No rolling amortization
  - 5-year ramp up
  - Included in 6/30/13 valuation (first impact 15/16 rates; full impact 19/20)
- Assumption changes:
  - Anticipate future mortality improvement
  - Other, less significant, changes
  - Included in 6/30/14 valuation (first impact 16/17 rates; full impact 20/21)
- CalPERS Board will change their discount rate:

	<u>Rate</u>	<u>Initial</u>	<u>Full</u>
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## CALPERS CHANGES

- Risk Pool changes
  - All Risk Pools combined into one Miscellaneous & one Safety
  - Collect payment on UAL as dollar amount, not as % of pay
  - Payments allocated to agencies based on liability & assets rather than payroll
  - Included in 6/30/13 valuation (impacts 15/16 rates)
- CalPERS Board reviewing their Capital Market Assumptions, Likely no further changes to discount rate
- Risk Mitigation Strategy
  - Move to more conservative investments over time
  - Only when investment return is better than expected
  - Lower discount rate in concert
  - Essentially use ≈50% of investment gains to pay for cost increases
  - Likely get to 6.0% over 20+ years

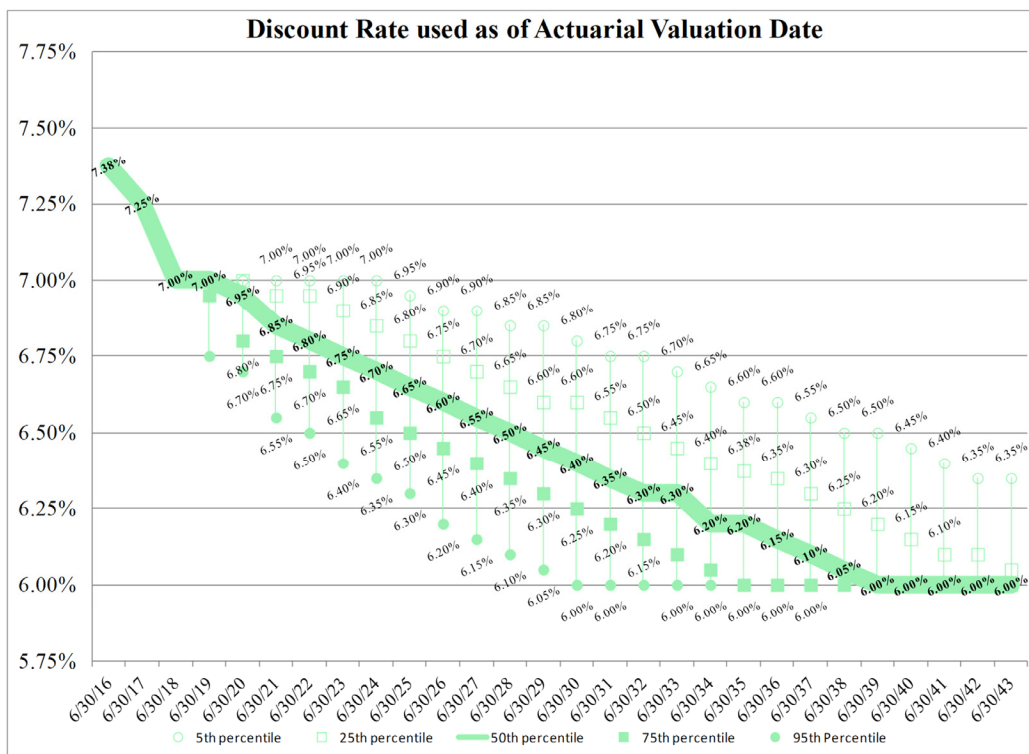


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## CALPERS CHANGES



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## SUMMARY OF DEMOGRAPHIC INFORMATION – MISCELLANEOUS

	1993	2006	2015	2016
<b>Actives</b>				
■ Counts	32	35	27	24
■ Average PERSable Wages	\$26,900	\$44,200	\$56,000	\$55,400
■ Total PERSable Wages (millions)	0.9	1.5	1.5	1.3
<b>Inactive Counts</b>				
■ Transferred	7	14	17	17
■ Separated	7	11	15	16
■ Retired	11	20	31	33



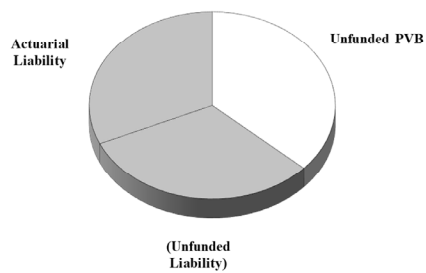
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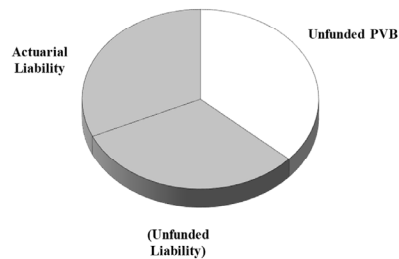


## FUNDED STATUS – MISCELLANEOUS

Present Value of Benefits  
June 30, 2015



Present Value of Benefits  
June 30, 2016



<u>June 30, 2015</u>		<u>June 30, 2016</u>
\$ 4,000,000	<b>Active AAL</b>	\$ 2,900,000
4,200,000	<b>Retiree AAL</b>	5,500,000
<u>700,000</u>	<b>Inactive AAL</b>	<u>800,000</u>
8,900,000	<b>Total AAL</b>	9,200,000
<u>7,000,000</u>	<b>Market Asset Value</b>	<u>6,700,000</u>
(1,900,000)	<b>(Unfunded Liability)</b>	(2,500,000)



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## CONTRIBUTION RATES – MISCELLANEOUS

### 6/30/15 Valuation 2017/2018 Contribution Rates

	<u>Total<sup>1</sup></u>	<u>Tier 1</u> 2%@55 FAE3	<u>PEPRA</u> 2%@62 FAE3
■ Required Employer Contribution			
● Risk Pool's Base Employer Normal Cost	8.1%	8.4%	6.5%
● Class 1 Benefits			
□ Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	6.8%	6.9%	6.3%
● Plan's Employee Contribution Rate	(6.8%)	(6.9%)	(6.3%)
● Payment on Amortization Bases	6.0%	7.1%	0.0%
● Amortization of Side Fund	<u>3.4%</u>	<u>4.0%</u>	<u>0.0%</u>
● <b>Total ER Contribution</b>	<b>17.5%</b>	<b>19.5%</b>	<b>6.6%</b>
● <b>Total ER Contribution \$ (in 000's)</b>	<b>\$265</b>		

<sup>1</sup> Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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## CONTRIBUTION RATES – MISCELLANEOUS

### 6/30/16 Valuation 2018/2019 Contribution Rates

	<u>Total<sup>2</sup></u>	<u>Tier 1</u> 2%@55 FAE3	<u>PEPRA</u> 2%@62 FAE3
■ Required Employer Contribution			
● Risk Pool's Base Employer Normal Cost	8.4%	8.9%	6.8%
● Class 1 Benefits			
□ Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	6.7%	6.9%	6.3%
● Plan's Employee Contribution Rate	(6.7%)	(6.9%)	(6.3%)
● Payment on Amortization Bases	9.0%	11.9%	0.1%
● Amortization of Side Fund	<u>4.0%</u>	<u>5.3%</u>	<u>0.0%</u>
● <b>Total ER Contribution</b>	<b>21.3%</b>	<b>26.1%</b>	<b>6.9%</b>
● <b>Total ER Contribution \$ (in 000's)</b>	<b>\$284</b>		

<sup>2</sup> Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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## CONTRIBUTION PROJECTIONS - MISCELLANEOUS

	<b>6/30/15</b> <b><u>2017/2018</u></b>	<b>6/30/16</b> <b><u>2018/2019</u></b>
■ Total Normal Cost	14.9%	15.1%
■ Employee Normal Cost	6.8%	6.7%
■ Employer Normal Cost	8.1%	8.4%
■ Amortization Bases	<u>9.4%</u>	<u>13.0%</u>
■ Total Employer Contribution Rate	17.5%	21.3%
■ Amortization Period	Multiple	Multiple
■ What Happened from 6/30/15 to 6/30/16:		
● 2017/18 Rate		17.5%
● Payroll < Expected		0.5%
● Asset Method Change (4 <sup>th</sup> Year)		1.2%
● 6/30/14 Assumption Change (3 <sup>rd</sup> Year)		0.9%
● 6/30/14 (Gains)/Losses (3 <sup>rd</sup> Year)		(1.0%)
● 6/30/15 (Gains)/Losses (2 <sup>nd</sup> Year)		0.4%
● 6/30/16 Discount Rate change (1 <sup>st</sup> Year)		0.7%
● 6/30/16 (Gains)/Losses (1 <sup>st</sup> Year)		<u>1.1%</u>
● 2018/19 Rate		21.3%



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## CONTRIBUTION PROJECTIONS - MISCELLANEOUS

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## CONTRIBUTION PROJECTIONS - MISCELLANEOUS

### ■ Market Value Investment Return:

- June 30, 2016 0.6%<sup>3</sup>
  - June 30, 2017 11.2%<sup>4</sup>
  - Future returns based on stochastic analysis using 1,000 trials
- | <u>Single Year Returns at<sup>5</sup></u> | <u>25<sup>th</sup> Percentile</u> | <u>50<sup>th</sup> Percentile</u> | <u>75<sup>th</sup> Percentile</u> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| ● 7.0% Investment Mix                     | <b>0.1%</b>                       | <b>7.0%</b>                       | <b>14.8%</b>                      |
| ● 6.0% Investment Mix                     | <b>0.8%</b>                       | <b>6.0%</b>                       | <b>11.4%</b>                      |
- Assumes investment returns will, generally be 6.5% (as compared to 7.0%) over the next 10 years and higher beyond that.

- No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements
- No Employer Paid Member Contributions (EPMC)
- No employee paid City contributions.

<sup>3</sup> Based on CalPERS 6/30/16 CAFR.

<sup>4</sup> Based on CalPERS press release on 7/14/17, preliminary investment return of 11.2%.

<sup>5</sup> N<sup>th</sup> percentile means N percentage of our trials result in returns lower than the indicated rates.



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## CONTRIBUTION PROJECTIONS - MISCELLANEOUS

### ■ New hire assumptions:

- Assumes 30% of 2013 new hires will be Classic Members (2% @ 55 FAE3) and 70% will be New Members with PEPRAs benefits
- Assumes Classic Members will decrease from 30% to 0% of new hires over 20 years

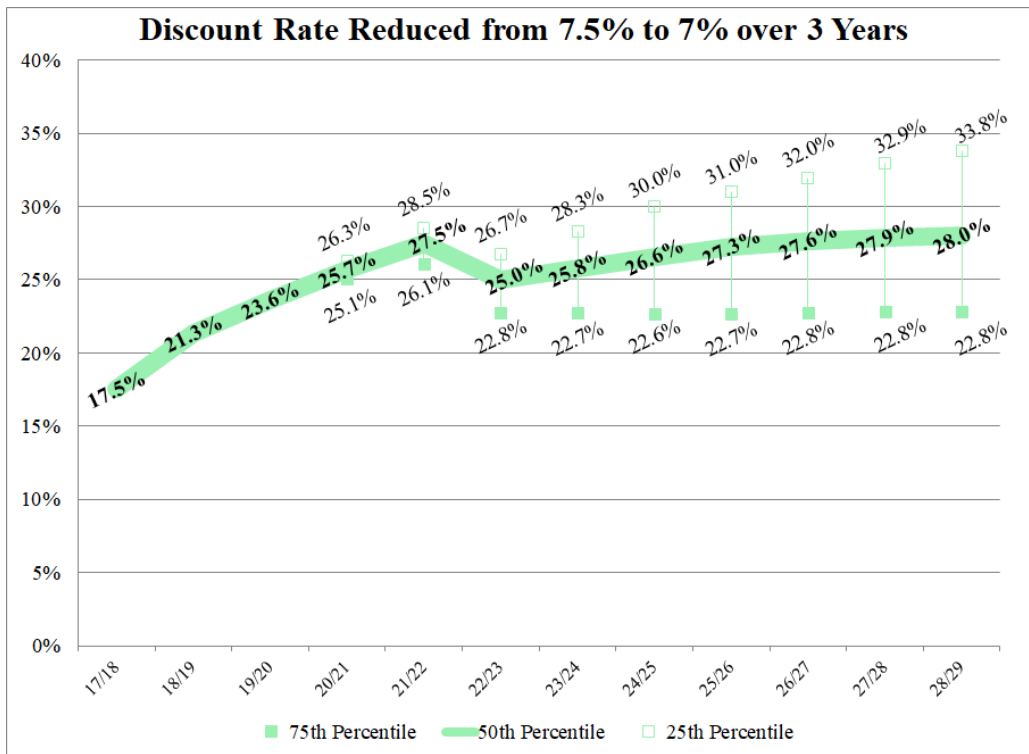


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## CONTRIBUTION PROJECTIONS - MISCELLANEOUS

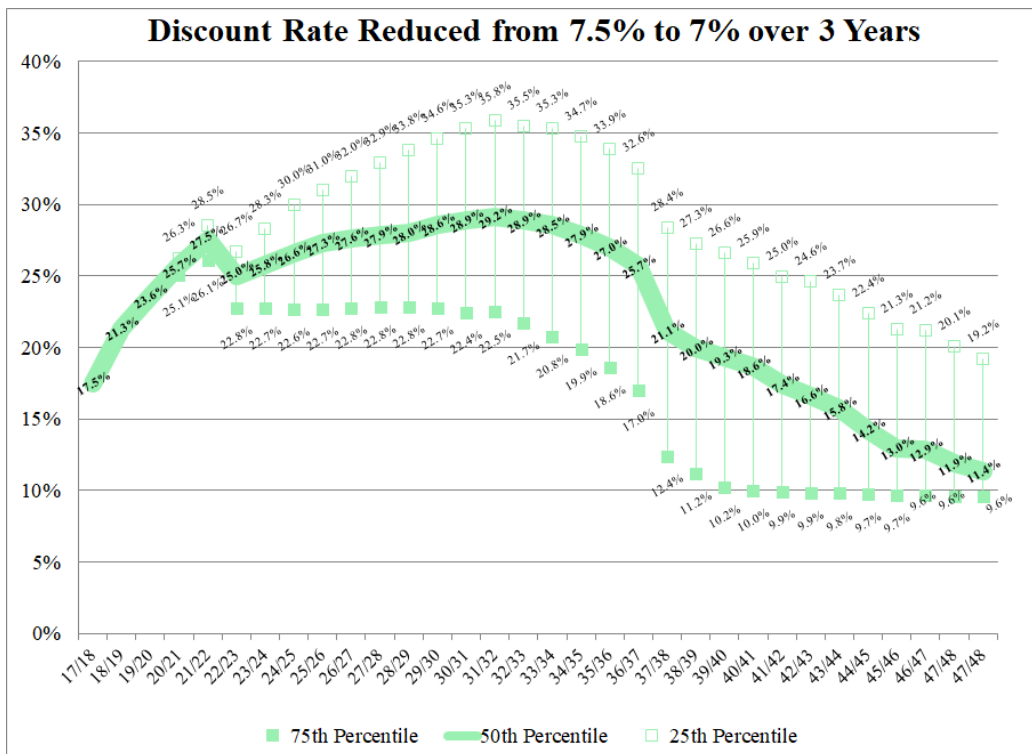


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## CONTRIBUTION PROJECTIONS - MISCELLANEOUS

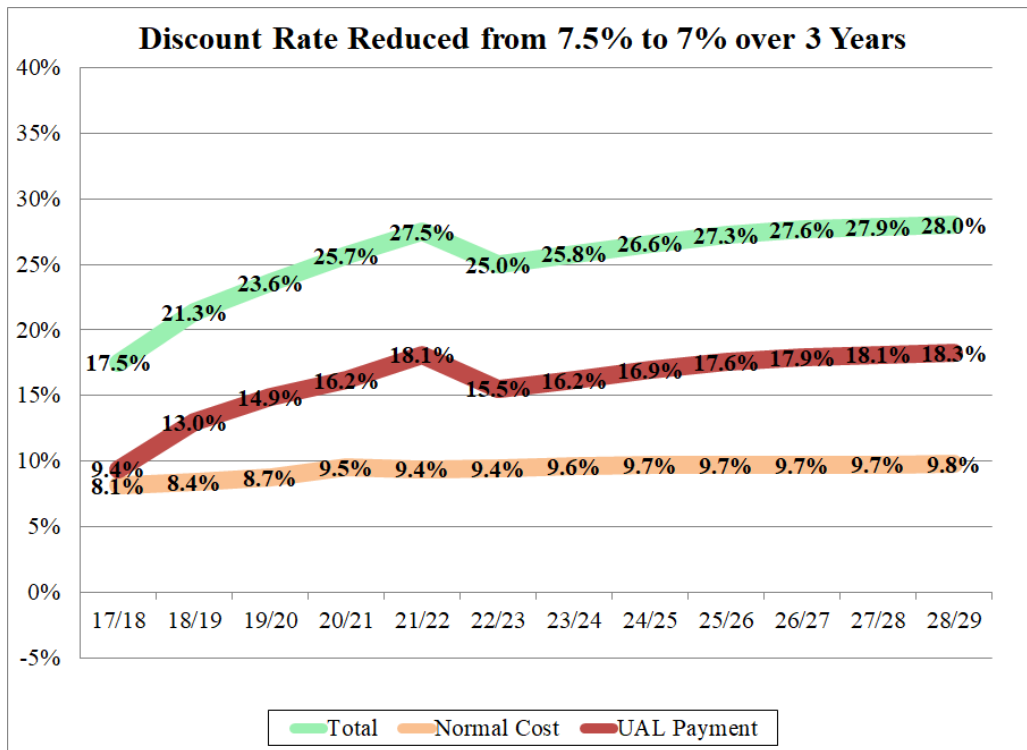


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## CONTRIBUTION PROJECTIONS - MISCELLANEOUS

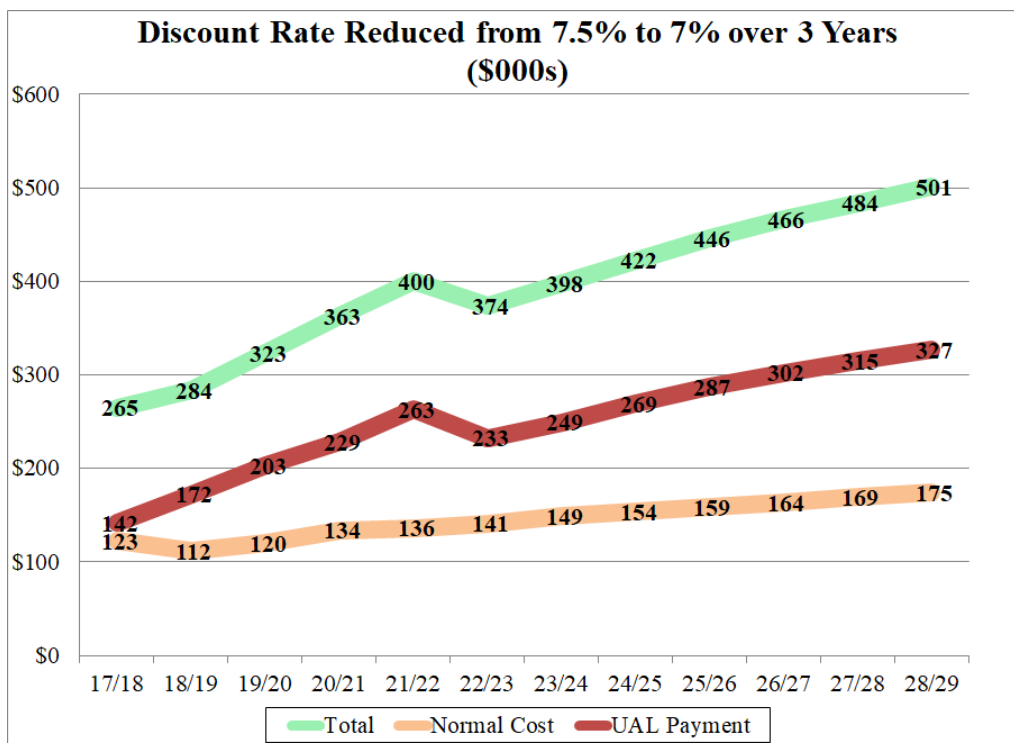


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## CONTRIBUTION PROJECTIONS - MISCELLANEOUS

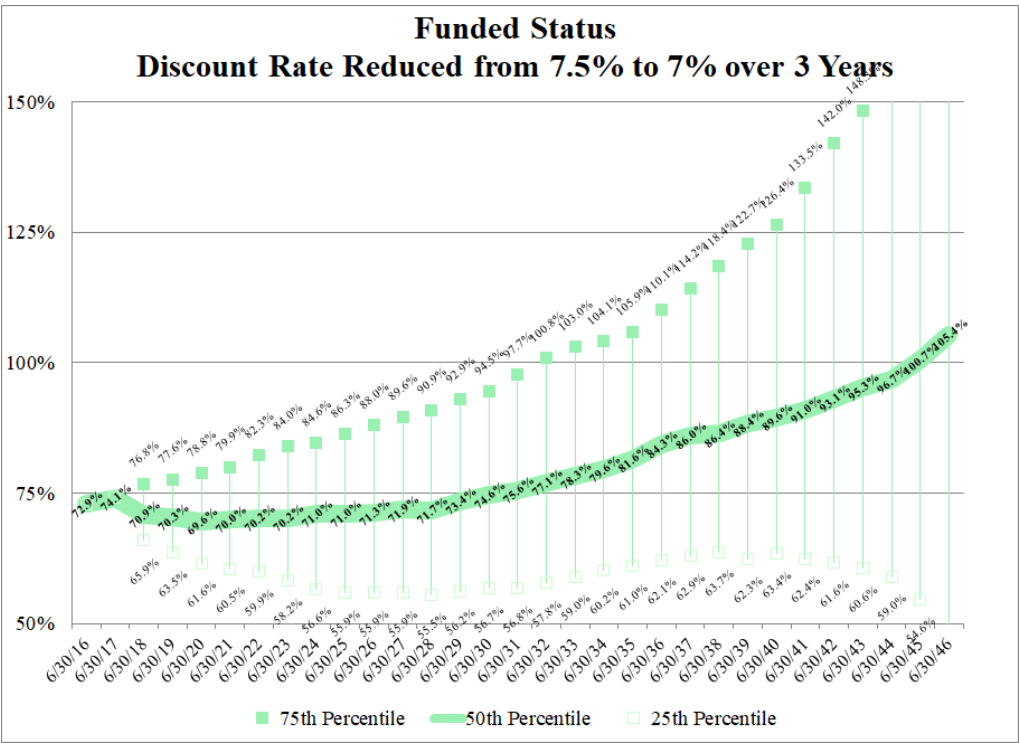


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FUNDED STATUS - MISCELLANEOUS



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FUNDED STATUS - MISCELLANEOUS

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## SUMMARY OF DEMOGRAPHIC INFORMATION – POLICE SAFETY

	1993 <sup>6</sup>	2006 <sup>6</sup>	2015	2016
<b>Actives</b>				
■ Counts	10	25	12	14
■ Average PERSable Wages	\$35,000	\$55,700	\$67,700	\$70,200
■ Total PERSable Wages (millions)	0.4	1.4	0.8	1.0
<b>Inactive Counts</b>				
■ Transferred	6	14	15	15
■ Separated	3	6	8	8
■ Retired	2	13	16	17

<sup>6</sup> Participant data included both police and fire members.



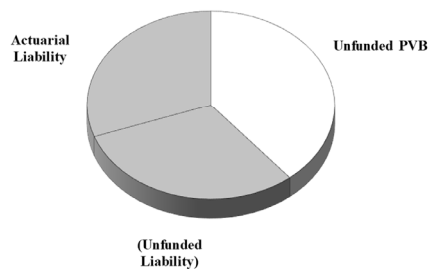
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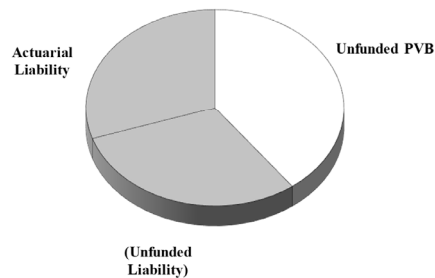


## FUNDED STATUS – POLICE SAFETY

Present Value of Benefits  
June 30, 2015



Present Value of Benefits  
June 30, 2016



<u>June 30, 2015</u>		<u>June 30, 2016</u>	
\$	1,500,000	Active AAL	\$ 1,600,000
	3,500,000	Retiree AAL	4,000,000
	2,500,000	Inactive AAL	2,800,000
	7,500,000	Total AAL	8,400,000
	4,800,000	Market Asset Value	5,300,000
	(2,700,000)	(Unfunded Liability)	(3,100,000)



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## CONTRIBUTION RATES – POLICE SAFETY

### 6/30/15 Valuation 2017/2018 Contribution Rates

<u>Total</u> <sup>7</sup>	<u>Tier 1</u> 3% <u>@55</u> FAE3	<u>PEPRA</u> 2.7% <u>@57</u> FAE3
---------------------------	--	---

#### ■ Required Employer Contribution

● Risk Pool's Base Employer Normal Cost	14.8%	16.8%	12.1%
● Class 1 Benefits			
<input type="checkbox"/> Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	10.0%	9.0%	11.5%
● Plan's Employee Contribution Rate	(10.0%)	(9.0%)	(11.5%)
● Payment on Amortization Bases	8.2%	14.1%	0.1%
● Amortization of Side Fund	<u>17.9%</u>	<u>31.0%</u>	<u>0.0%</u>
● <b>Total ER Contribution</b>	<b>40.8%</b>	<b>61.9%</b>	<b>12.0%</b>
● <b>Total ER Contribution \$ (in 000's)</b>	<b>\$ 332</b>		

<sup>7</sup> Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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## CONTRIBUTION RATES – POLICE SAFETY

### 6/30/16 Valuation 2018/2019 Contribution Rates

<u>Total</u> <sup>8</sup>	<u>Tier 1</u> 3% <u>@55</u> FAE3	<u>PEPRA</u> 2.7% <u>@57</u> FAE3
---------------------------	--	---

#### ■ Required Employer Contribution

● Risk Pool's Base Employer Normal Cost	14.7%	17.6%	12.0%
● Class 1 Benefits			
<input type="checkbox"/> Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	10.3%	9.0%	11.5%
● Plan's Employee Contribution Rate	(10.3%)	(9.0%)	(11.5%)
● Payment on Amortization Bases	9.1%	18.5%	0.1%
● Amortization of Side Fund	<u>15.1%</u>	<u>30.8%</u>	<u>0.0%</u>
● <b>Total ER Contribution</b>	<b>39.0%</b>	<b>66.9%</b>	<b>12.3%</b>
● <b>Total ER Contribution \$ (in 000's)</b>	<b>\$ 384</b>		

<sup>8</sup> Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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## CONTRIBUTION PROJECTIONS – POLICE SAFETY

	<b>6/30/15</b>	<b>6/30/16</b>
	<b><u>2017/2018</u></b>	<b><u>2018/2019</u></b>
■ Total Normal Cost	24.9%	25.0%
■ Employee Normal Cost	10.0%	10.3%
■ Employer Normal Cost	14.8%	14.7%
■ Amortization Bases	<u>26.1%</u>	<u>24.2%</u>
■ Total Employer Contribution Rate	40.8%	39.0%
■ Amortization Period	Multiple	Multiple
■ What Happened from 6/30/15 to 6/30/16:		
● 2017/18 Rate	40.8%	
● Payroll > Expected	(4.4%)	
● Asset Method Change (4 <sup>th</sup> Year)	1.1%	
● 6/30/14 Assumption Change (3 <sup>rd</sup> Year)	1.0%	
● 6/30/14 (Gains)/Losses (3 <sup>rd</sup> Year)	(0.9%)	
● 6/30/15 (Gains)/Losses (2 <sup>nd</sup> Year)	0.5%	
● 6/30/16 Discount Rate change (1 <sup>st</sup> Year)	1.1%	
● 6/30/16 (Gains)/Losses (1 <sup>st</sup> Year)	<u>(0.2)%</u>	
● 2018/19 Rate	39.0%	



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## CONTRIBUTION PROJECTIONS – POLICE SAFETY

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## CONTRIBUTION PROJECTIONS – POLICE SAFETY

### ■ Market Value Investment Return:

- June 30, 2016 0.6%<sup>9</sup>
  - June 30, 2017 11.2%<sup>10</sup>
  - Future returns based on stochastic analysis using 1,000 trials
- | <u>Single Year Returns at<sup>11</sup></u> | <u>25<sup>th</sup> Percentile</u> | <u>50<sup>th</sup> Percentile</u> | <u>75<sup>th</sup> Percentile</u> |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| ● 7.0% Investment Mix                      | <b>0.1%</b>                       | <b>7.0%</b>                       | <b>14.8%</b>                      |
| ● 6.0% Investment Mix                      | <b>0.8%</b>                       | <b>6.0%</b>                       | <b>11.4%</b>                      |
- Assumes investment returns will, generally be 6.5% (as compared to 7.0%) over the next 10 years and higher beyond that.

### ■ No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements

### ■ No Employer Paid Member Contributions (EPMC)

<sup>9</sup> Based on CalPERS 6/30/16 CAFR.

<sup>10</sup> Based on CalPERS press release on 7/14/17, preliminary investment return of 11.2%.

<sup>11</sup> N<sup>th</sup> percentile means N percentage of our trials result in returns lower than the indicated rates.



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## CONTRIBUTION PROJECTIONS – POLICE SAFETY

### ■ New hire assumptions:

- Assumes 10% of 2013 new hires will be Classic Members (3%@55 FAE3) and 90% will be New Members with PEPRAs benefits
- Assumes Classic Members will decrease from 10% to 0% of new hires over 10 years

### ■ Employee Cost Sharing towards employer rates

- Classic member currently pays 1%, increasing to 2% on 1/1/18

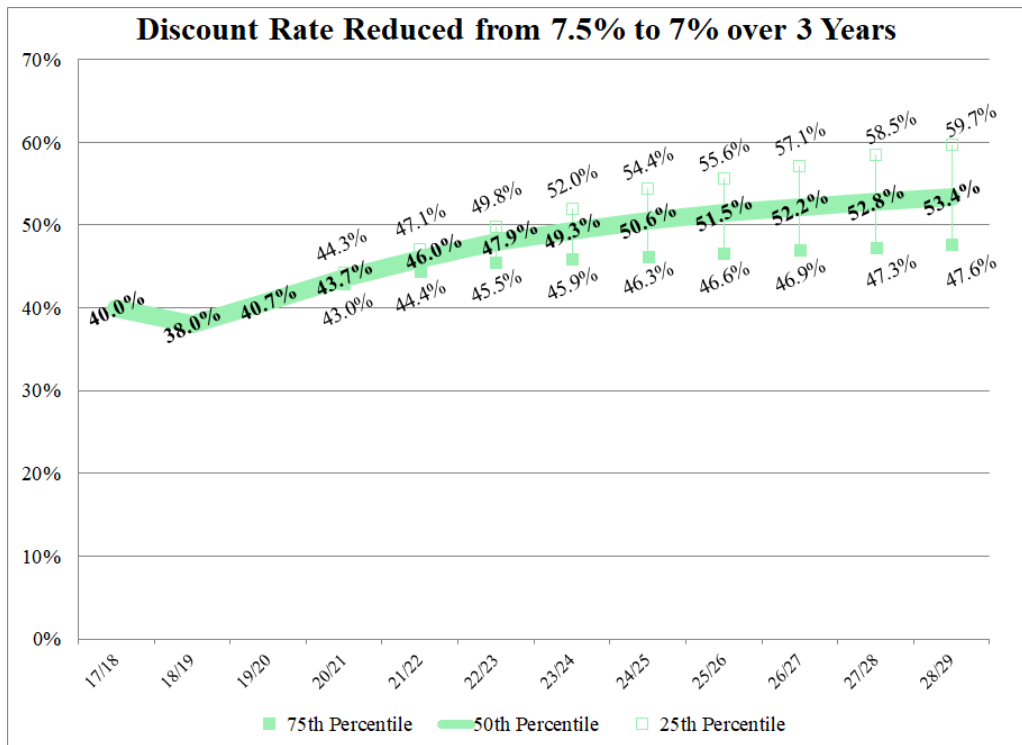


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## CONTRIBUTION PROJECTIONS – POLICE SAFETY

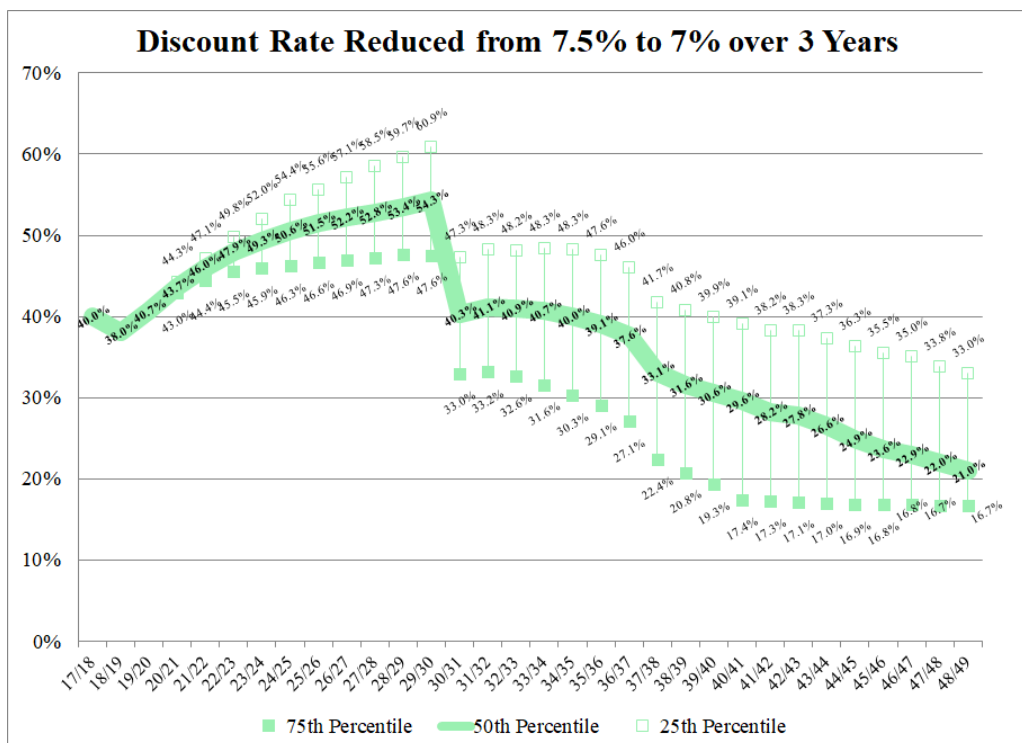


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## CONTRIBUTION PROJECTIONS – POLICE SAFETY

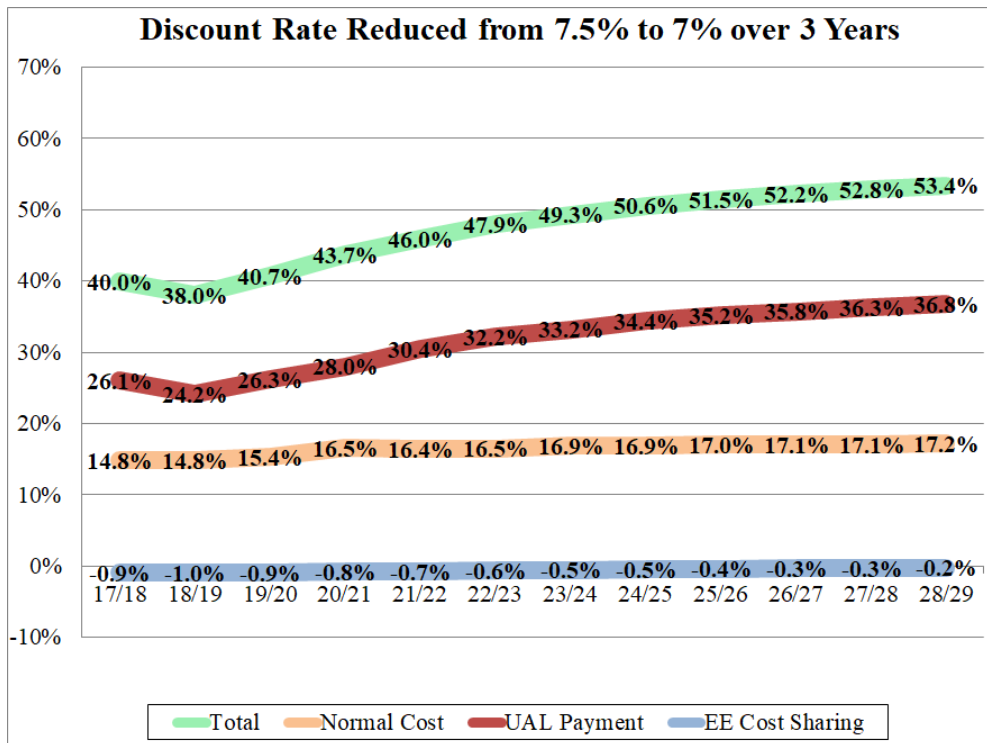


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## CONTRIBUTION PROJECTIONS – POLICE SAFETY

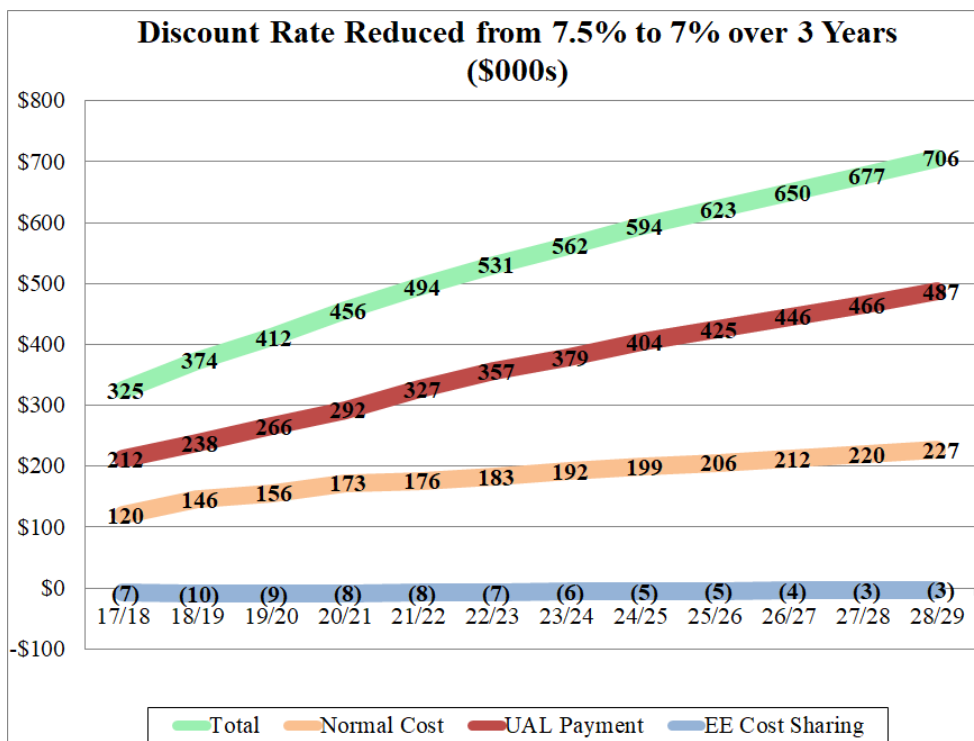


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## CONTRIBUTION PROJECTIONS – POLICE SAFETY

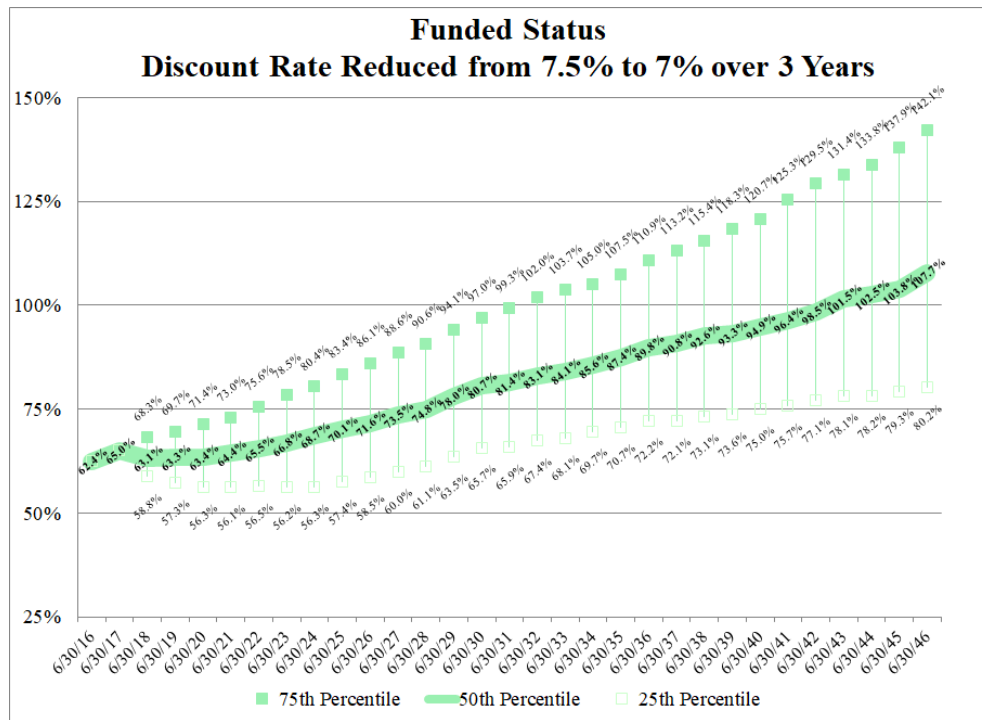


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## FUNDED STATUS – POLICE SAFETY



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## FUNDED STATUS – POLICE SAFETY

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## SUMMARY OF DEMOGRAPHIC INFORMATION – FIRE SAFETY

	1993 <sup>12</sup>	2006 <sup>12</sup>	2015	2016
<b>Actives</b>				
■ Counts	10	25	11	12
■ Average PERSable Wages	\$35,000	\$55,700	\$61,400	\$61,400
■ Total PERSable Wages (millions)	0.4	1.4	0.7	0.7
<b>Inactive Counts</b>				
■ Transferred	6	14	7	7
■ Separated	3	6	3	2
■ Retired	2	13	3	4

<sup>12</sup> Participant data included both police and fire members.



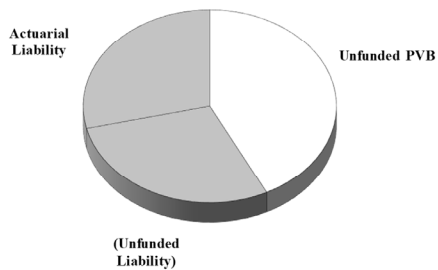
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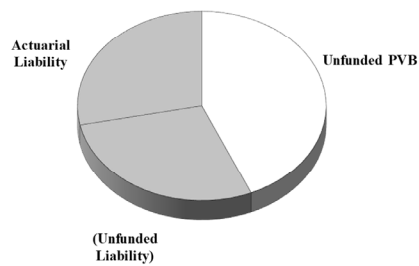


## FUNDED STATUS – FIRE SAFETY

Present Value of Benefits  
June 30, 2015



Present Value of Benefits  
June 30, 2016



<u>June 30, 2015</u>		<u>June 30, 2016</u>	
\$ 2,100,000	Active AAL	\$ 2,000,000	
400,000	Retiree AAL	1,000,000	
600,000	Inactive AAL	700,000	
3,100,000	Total AAL	3,700,000	
1,900,000	Market Asset Value	2,300,000	
(1,200,000)	(Unfunded Liability)	(1,400,000)	



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## CONTRIBUTION RATES – FIRE SAFETY

### 6/30/15 Valuation 2017/2018 Contribution Rates

	<u>Total<sup>13</sup></u>	<u>Tier 1</u> 3%@55 FAE3	<u>PEPRA</u> 2.7%@57 FAE3
--	---------------------------	--------------------------------	---------------------------------

#### ■ Required Employer Contribution

● Risk Pool's Base Employer Normal Cost	15.4%	16.8%	12.0%
● Class 1 Benefits			
<input type="checkbox"/> Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	9.7%	9.0%	11.5%
● Plan's Employee Contribution Rate	(9.7%)	(9.0%)	(11.5%)
● Payment on Amortization Bases	2.9%	4.0%	0.1%
● Amortization of Side Fund	<u>10.5%</u>	<u>14.7%</u>	<u>0.0%</u>
● <b>Total ER Contribution</b>	<b>28.8%</b>	<b>35.5%</b>	<b>12.1%</b>
● <b>Total ER Contribution \$ (in 000's)</b>	<b>\$ 194</b>		

<sup>13</sup> Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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## CONTRIBUTION RATES – FIRE SAFETY

### 6/30/16 Valuation 2018/2019 Contribution Rates

	<u>Total<sup>14</sup></u>	<u>Tier 1</u> 3%@55 FAE3	<u>PEPRA</u> 2.7%@57 FAE3
--	---------------------------	--------------------------------	---------------------------------

#### ■ Required Employer Contribution

● Risk Pool's Base Employer Normal Cost	15.4%	17.6%	12.6%
● Class 1 Benefits			
<input type="checkbox"/> Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	10.0%	9.0%	11.5%
● Plan's Employee Contribution Rate	(10.0%)	(9.0%)	(11.5%)
● Payment on Amortization Bases	3.9%	6.3%	0.1%
● Amortization of Side Fund	<u>9.8%</u>	<u>16.2%</u>	<u>0.0%</u>
● <b>Total ER Contribution</b>	<b>29.1%</b>	<b>40.1%</b>	<b>12.3%</b>
● <b>Total ER Contribution \$ (in 000's)</b>	<b>\$ 214</b>		

<sup>14</sup> Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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## CONTRIBUTION PROJECTIONS – FIRE SAFETY

	<b>6/30/15</b>	<b>6/30/16</b>
	<b><u>2017/2018</u></b>	<b><u>2018/2019</u></b>
■ Total Normal Cost	25.2%	25.4%
■ Employee Normal Cost	9.7%	10.0%
■ Employer Normal Cost	15.4%	15.4%
■ Amortization Bases	<u>13.3%</u>	<u>13.6%</u>
■ Total Employer Contribution Rate	28.8%	29.1%
■ Amortization Period	Multiple	Multiple
■ What Happened from 6/30/15 to 6/30/16:		
● 2017/18 Rate	28.8%	
● Payroll > Expected	(1.2%)	
● Asset Method Change (4 <sup>th</sup> Year)	0.4%	
● 6/30/14 Assumption Change (3 <sup>rd</sup> Year)	0.5%	
● 6/30/14 (Gains)/Losses (3 <sup>rd</sup> Year)	(0.3%)	
● 6/30/15 (Gains)/Losses (2 <sup>nd</sup> Year)	0.2%	
● 6/30/16 Discount Rate change (1 <sup>st</sup> Year)	1.0%	
● 6/30/16 (Gains)/Losses (1 <sup>st</sup> Year)	<u>(0.3%)</u>	
● 2018/19 Rate	29.1%	



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## CONTRIBUTION PROJECTIONS – FIRE SAFETY

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## CONTRIBUTION PROJECTIONS – FIRE SAFETY

### ■ Market Value Investment Return:

- June 30, 2016 0.6%<sup>15</sup>
  - June 30, 2017 11.2%<sup>16</sup>
  - Future returns based on stochastic analysis using 1,000 trials
- | <u>Single Year Returns at<sup>17</sup></u> | <u>25<sup>th</sup> Percentile</u> | <u>50<sup>th</sup> Percentile</u> | <u>75<sup>th</sup> Percentile</u> |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| ● 7.0% Investment Mix                      | <b>0.1%</b>                       | <b>7.0%</b>                       | <b>14.8%</b>                      |
| ● 6.0% Investment Mix                      | <b>0.8%</b>                       | <b>6.0%</b>                       | <b>11.4%</b>                      |
- Assumes investment returns will, generally be 6.5% (as compared to 7.0%) over the next 10 years and higher beyond that.

### ■ No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements

### ■ No Employer Paid Member Contributions (EPMC)

<sup>15</sup> Based on CalPERS 6/30/16 CAFR.

<sup>16</sup> Based on CalPERS press release on 7/14/17, preliminary investment return of 11.2%.

<sup>17</sup> N<sup>th</sup> percentile means N percentage of our trials result in returns lower than the indicated rates.



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## CONTRIBUTION PROJECTIONS – FIRE SAFETY

### ■ New hire assumptions:

- Assumes 25% of 2013 new hires will be Classic Members (3%@55 FAE3) and 75% will be New Members with PEPRAs benefits
- Assumes Classic Members will decrease from 25% to 0% of new hires over 10 years

### ■ Employee Cost Sharing towards employer rates:

- Classic member currently pays 0.5%, increasing to 1% on 1/1/18

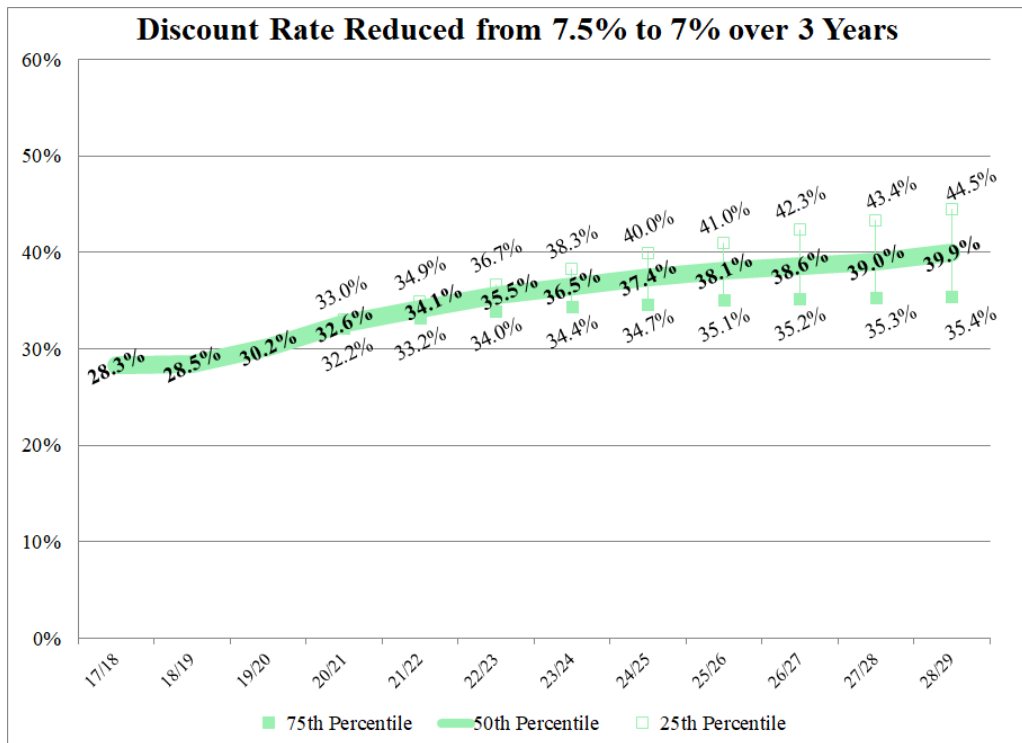


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## CONTRIBUTION PROJECTIONS – FIRE SAFETY

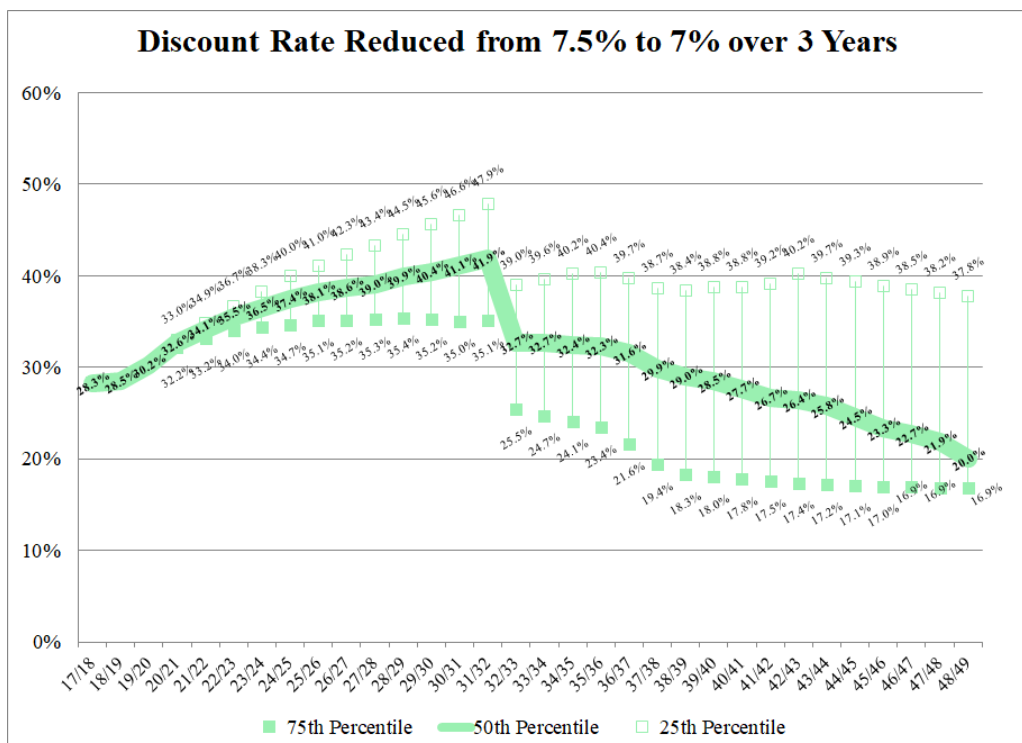


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## CONTRIBUTION PROJECTIONS – FIRE SAFETY

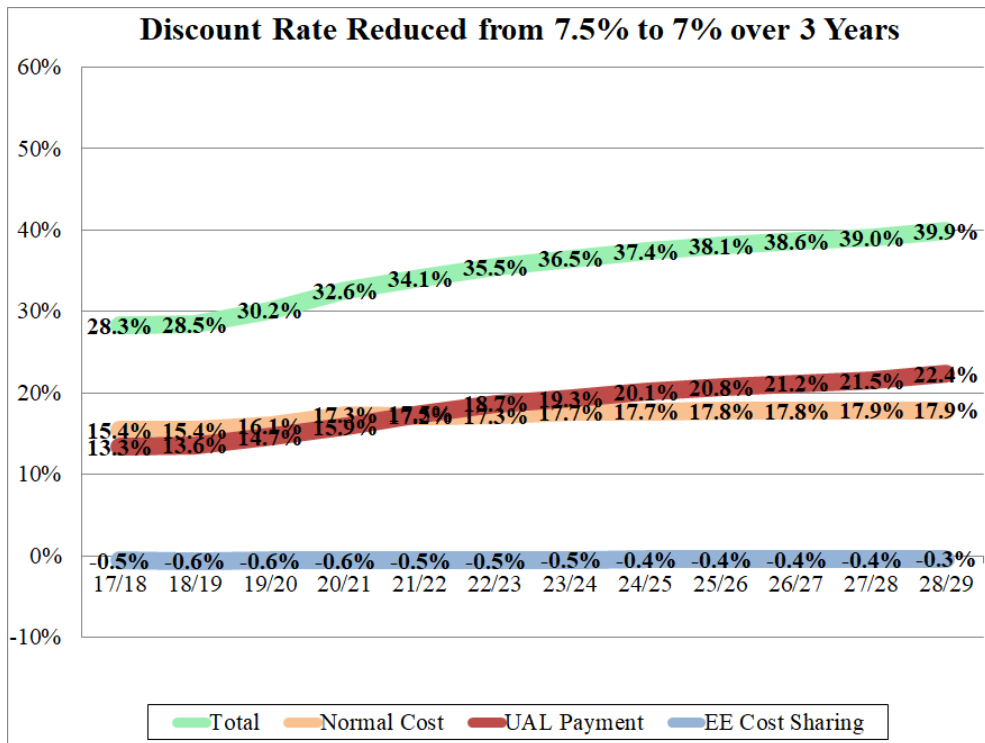


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## CONTRIBUTION PROJECTIONS – FIRE SAFETY

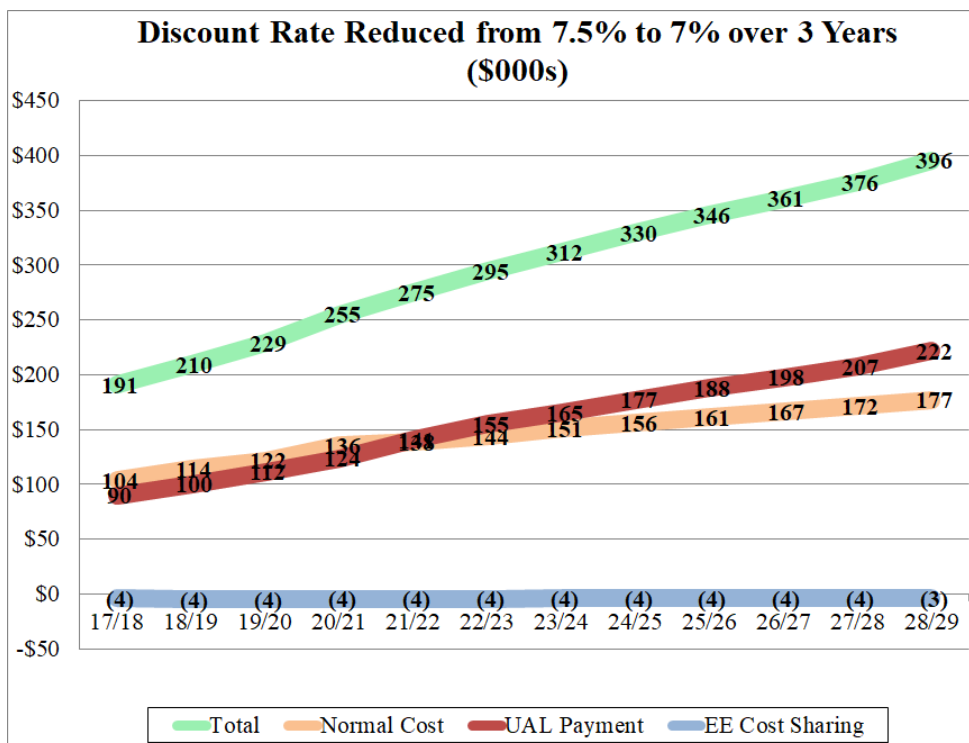


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## CONTRIBUTION PROJECTIONS – FIRE SAFETY

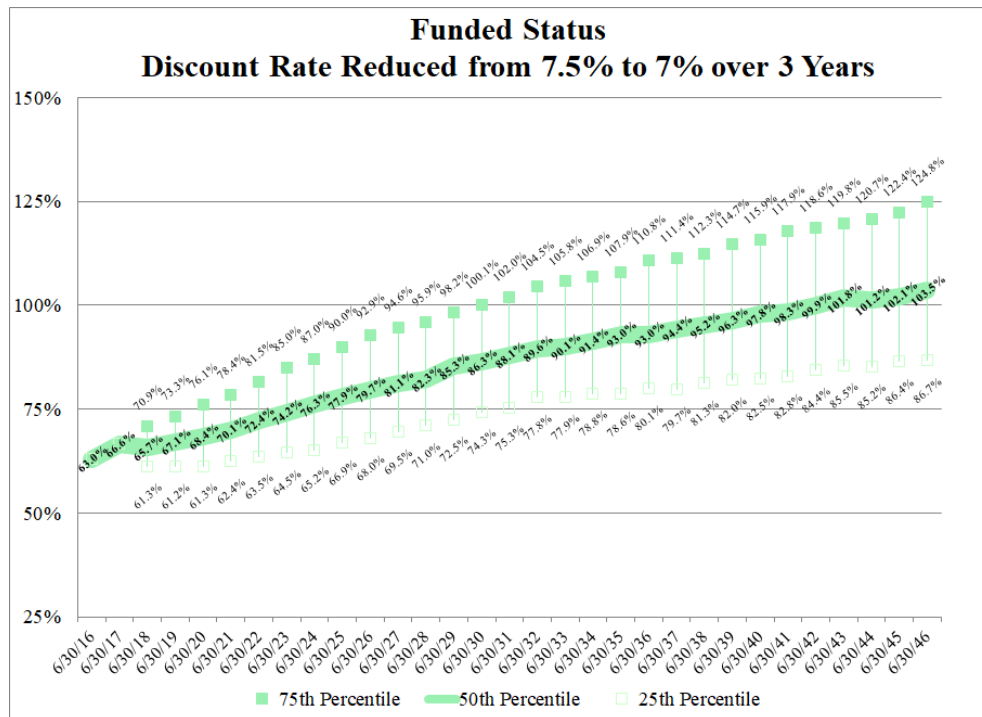


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## FUNDED STATUS – FIRE SAFETY



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## FUNDED STATUS – FIRE SAFETY

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## LIABILITY AND CONTRIBUTION SUMMARY

	6/30/16 Valuation			
	Miscellaneous	Police	Fire	Total
■ <b>Actuarial Accrued Liability</b>				
• Active	\$ 2,900,000	\$ 1,600,000	\$ 2,000,000	\$6,500,000
• Retiree	5,500,000	4,000,000	1,000,000	10,500,000
• Inactive	<u>800,000</u>	<u>2,800,000</u>	<u>700,000</u>	<u>4,300,000</u>
• Total	9,200,000	8,400,000	3,700,000	21,300,000
■ <b>Market Asset Value</b>	6,700,000	5,300,000	2,300,000	14,300,000
■ <b>(Unfunded Liability)</b>	(2,500,000)	(3,100,000)	(1,400,000)	(\$7,000,000)

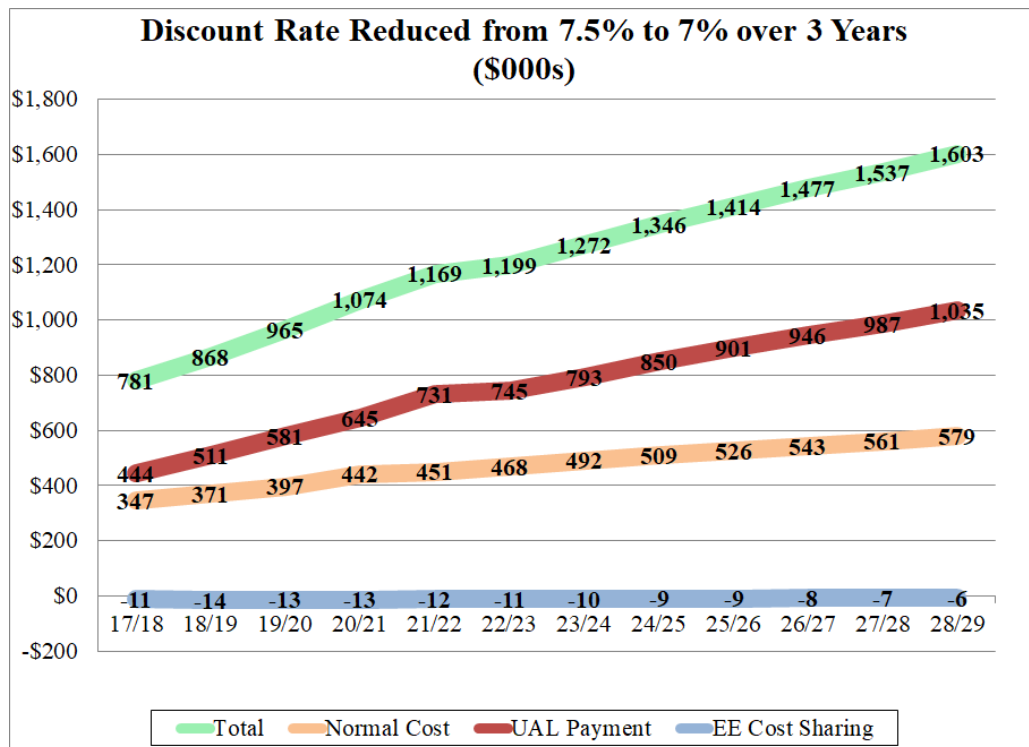


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## LIABILITY AND CONTRIBUTION SUMMARY



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## LIABILITY AND CONTRIBUTION SUMMARY

### Projected 1% of Classic Employee Contributions Years 1-10 (\$000s)

<b>Fiscal Year End</b>	<b>Miscellaneous</b>	<b>Safety Police</b>	<b>Safety Fire</b>	<b>Total</b>
2018	\$ 12.8	\$ 4.7	\$ 4.8	\$ 22.3
2019	10.0	4.8	4.4	19.2
2020	9.5	4.8	4.4	18.7
2021	9.1	4.7	4.3	18.1
2022	8.6	4.6	4.3	17.5
2023	8.2	4.5	4.2	16.9
2024	7.7	4.4	4.1	16.2
2025	7.3	4.3	4.0	15.6
2026	6.8	4.1	3.8	14.7
2027	6.4	4.0	3.7	14.1



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## LIABILITY AND CONTRIBUTION SUMMARY

### Projected 1% of Classic Employee Contributions Years 11-20 (\$000s)

<b>Fiscal Year End</b>	<b>Miscellaneous</b>	<b>Safety Police</b>	<b>Safety Fire</b>	<b>Total</b>
2028	\$ 6.0	\$ 3.8	\$ 3.5	\$ 13.3
2029	5.6	3.7	3.4	12.7
2030	5.2	3.5	3.3	12.0
2031	4.9	3.4	3.1	11.4
2032	4.5	3.2	3.0	10.7
2033	4.1	3.1	2.8	10.0
2034	3.8	2.9	2.7	9.4
2035	3.5	2.7	2.5	8.7
2036	3.2	2.6	2.4	8.2
2037	2.9	2.3	2.2	7.4



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## PEPRA COST SHARING

- Target of 50% of total normal cost for everyone
- *New members* must pay greater of 50% of total normal cost or bargained amount if higher
- Employer cannot pay any part of *new member* required employee contributions
- Employer may impose Classic employees pay 50% of total normal cost (limited to 8% Miscellaneous, 12% Safety) if not agreed through collective bargaining by 1/1/18
- **Miscellaneous Plan:**

	<u>Classic Members</u>	<u>New Members</u>
	Tier 1	PEPRA
	<u>2%<i>@55</i> FAE3</u>	<u>2%<i>@62</i> FAE3</u>
● Employer Normal Cost	8.89%	6.84%
● Member Normal Cost	<u>6.90%</u>	<u>6.25%</u>
● Total Normal Cost	15.79%	13.09%
● 50% Target	7.90%	6.55%



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## PEPRA COST SHARING

- **Police Safety Plan:**

	<u>Classic Members</u>	<u>New Members</u>
	Tier 1	PEPRA
	<u>3%<i>@55</i> FAE3</u>	<u>2.7%<i>@57</i> FAE3</u>
● Employer Normal Cost	17.61%	11.99%
● Member Normal Cost	<u>8.98%</u>	<u>11.50%</u>
● Total Normal Cost	26.59%	23.49%
● 50% Target	13.30%	11.75%

- **Fire Safety Plan:**

	<u>Classic Members</u>	<u>New Members</u>
	Tier 1	PEPRA
	<u>3%<i>@55</i> FAE3</u>	<u>2.7%<i>@57</i> FAE3</u>
● Employer Normal Cost	17.61%	12.64%
● Member Normal Cost	<u>8.98%</u>	<u>11.50%</u>
● Total Normal Cost	26.59%	24.14%
● 50% Target	13.30%	12.07%



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## PAYING DOWN THE UNFUNDED LIABILITY & RATE STABILIZATION

- Where do you get the money from?
- How do you use the money?



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## WHERE DO YOU GET THE MONEY FROM?

- POB:
  - Usually thought of as interest arbitrage between expected earnings and rate paid on POB
  - No guaranteed savings
    - ☐ Including paying off CalPERS Side Fund
  - PEPRA prevents contributions from dropping below normal cost
    - ☐ Savings offset when investment return is good
  - GFOA White Paper
- Borrow from General Fund
  - Excess Reserves?
  - Pay GF back like a loan
  - Payments should come from all funds



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## WHERE DO YOU GET THE MONEY FROM?

- One time payments
  - Council resolution to use a portion of one time money, e.g.
    - ☐ 1/3 to one time projects
    - ☐ 1/3 to replenish reserves and
    - ☐ 1/3 to pay down unfunded liability



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## HOW DO YOU USE THE MONEY?

- Make payments directly to CalPERS:
  - Treat as contribution gain:
    - ☐ CalPERS default
    - ☐ Very modest short term contribution impact
  - Apply to all bases in proportion:
    - ☐ Lowers payment
    - ☐ Does not shorten amortization period
  - Request shorter amortization period (Fresh Start):
    - ☐ Higher short term payments
    - ☐ Less interest and lower long term payments
    - ☐ PEPPRA prevents contributions from dropping below normal cost
      - Savings offset when investment return is good



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## HOW DO YOU USE THE MONEY?

- Make payments directly to CalPERS (continued):
  - Target specific amortization bases:
    - ☐ Paying off shorter amortization bases, larger contribution savings over shorter period:
      - e.g. 10 year base gets 12.5¢ for \$1
      - Less interest savings compared to paying off longer amortization bases
    - ☐ Paying off longer amortization bases, smaller contribution savings over longer period:
      - e.g. 25 year base gets 6.6¢ for \$1
      - More interest savings compared to paying off shorter amortization bases



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## HOW DO YOU USE THE MONEY?

- Internal Service Fund
  - Typically used for rate stabilization
  - Restricted investments:
    - ☐ Likely low (0.5%-1.0%) investment returns
    - ☐ Short term/high quality, designed for preservation of principal
  - Assets can be used by Council for other purposes
  - Does not reduce Unfunded Liability



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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- > 100 trusts established
  - PARS, PFM & Keenan
- Investments significantly less restricted than City investment funds:
  - Likely higher (4% - 6%) but more volatile investment returns
- Trust Assets:
  - Can't be used by Council for other purposes
  - Can only be used to:
    - ☐ Reimburse City for CalPERS contributions
    - ☐ Make payments directly to CalPERS
  - Will not reduce Net Pension Liability:
    - ☐ City total net financial position will be the same



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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- Consider:
  - How much can you put into Trust?
    - ☐ Initial seed money?
    - ☐ Additional amounts in future years?
  - When do you take money out?
    - ☐ Target budget rate?
    - ☐ Year target budget rate kicks in?
      - Before or after CalPERS rate exceeds budgeted rate?

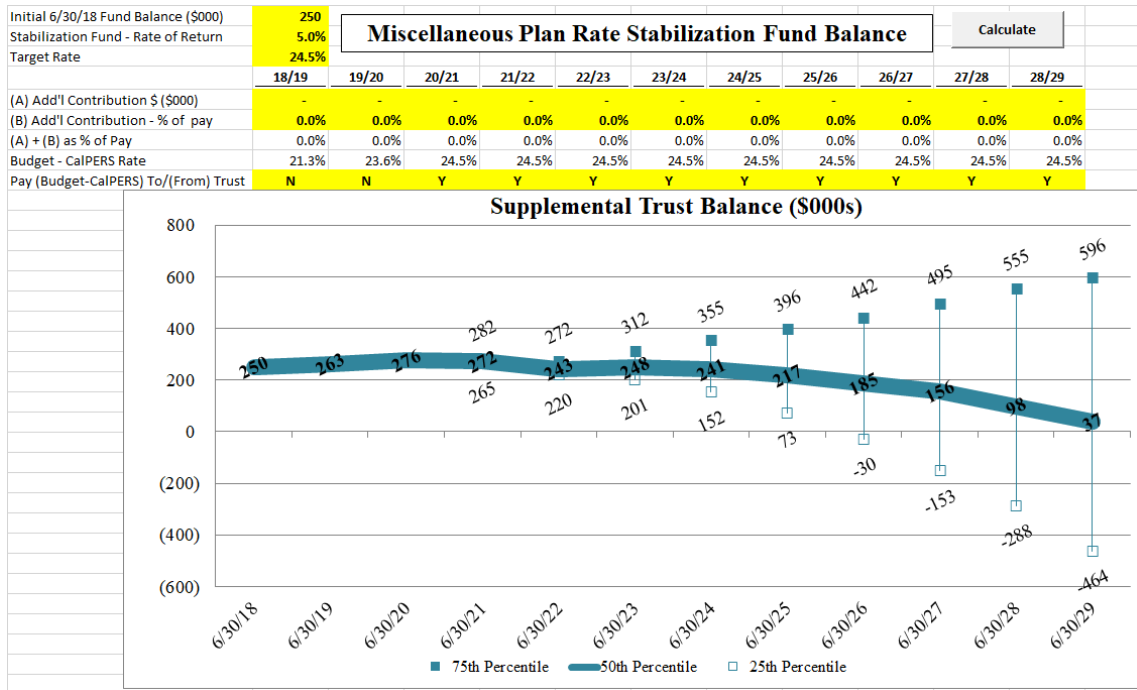


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

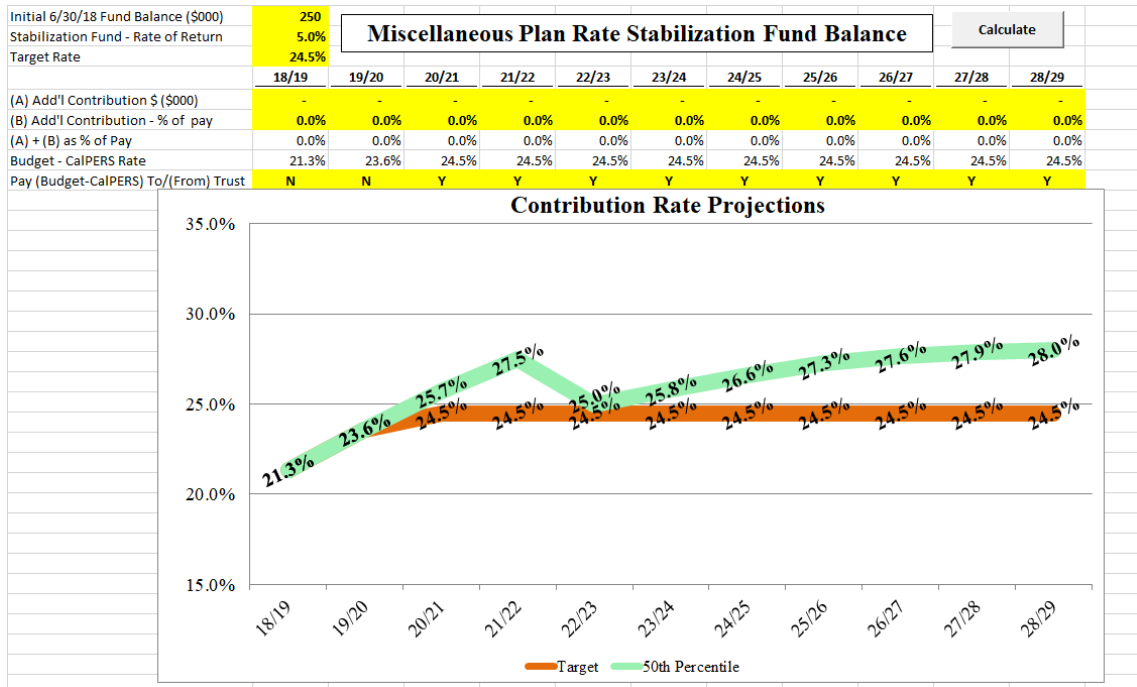


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

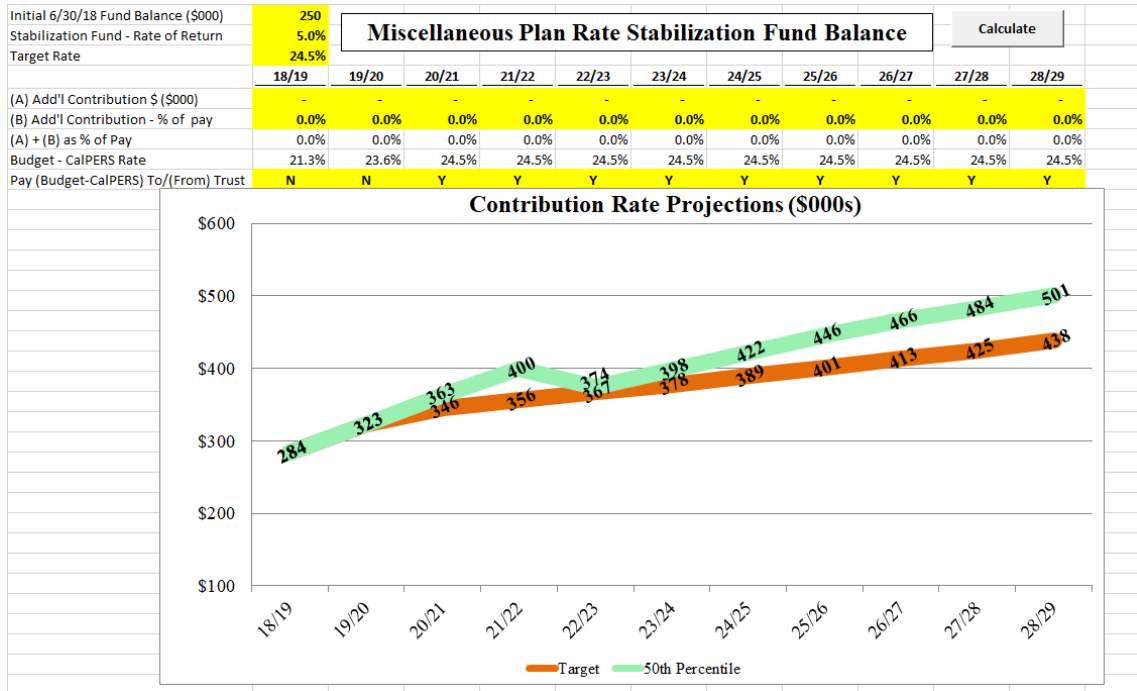


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## IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST



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## IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

### Miscellaneous Contribution Savings \$250k to CalPERS Applied to Longest Base (\$000s)

Year	Savings
18/19	3
19/20	7
20/21	11
21/22	15
22/23	19
23/24	19
24/25	19
25/26	21
26/27	20
27/28	21
28/29	21
29/30	22
30/31	23
31/32	22
32/33	24

Year	Savings
33/34	24
34/35	25
35/36	25
36/37	26
37/38	27
38/39	27
39/40	27
40/41	27
41/42	31
42/43	30
43/44	30
44/45	28
45/46	19
46/47	15
47/48	8

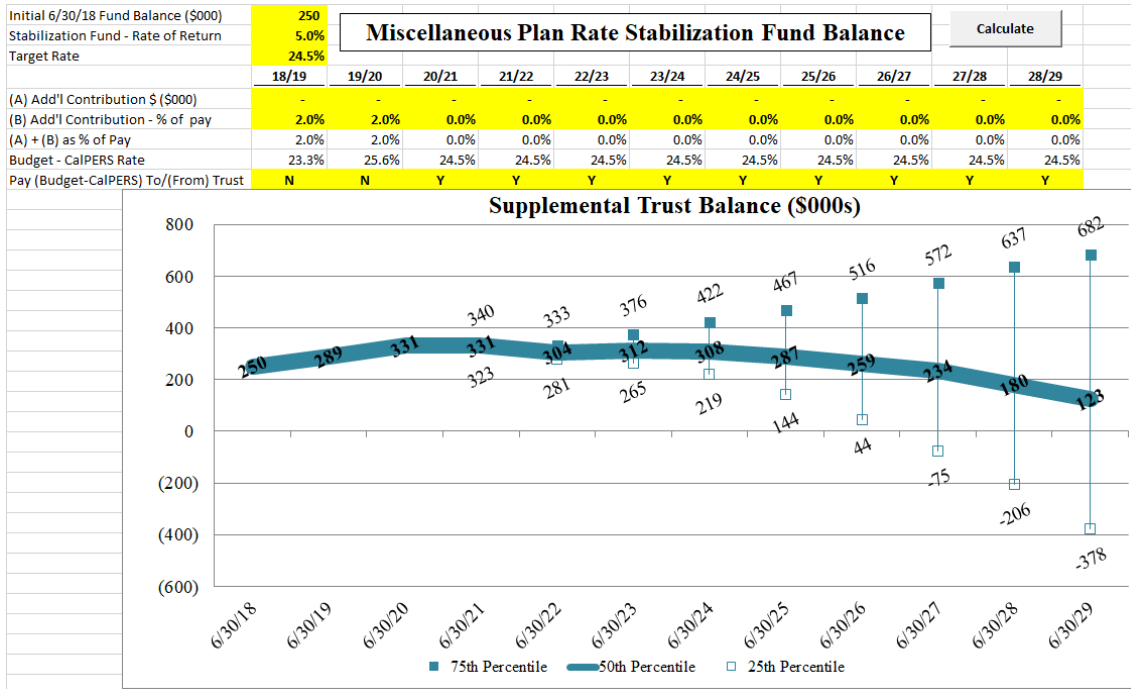


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

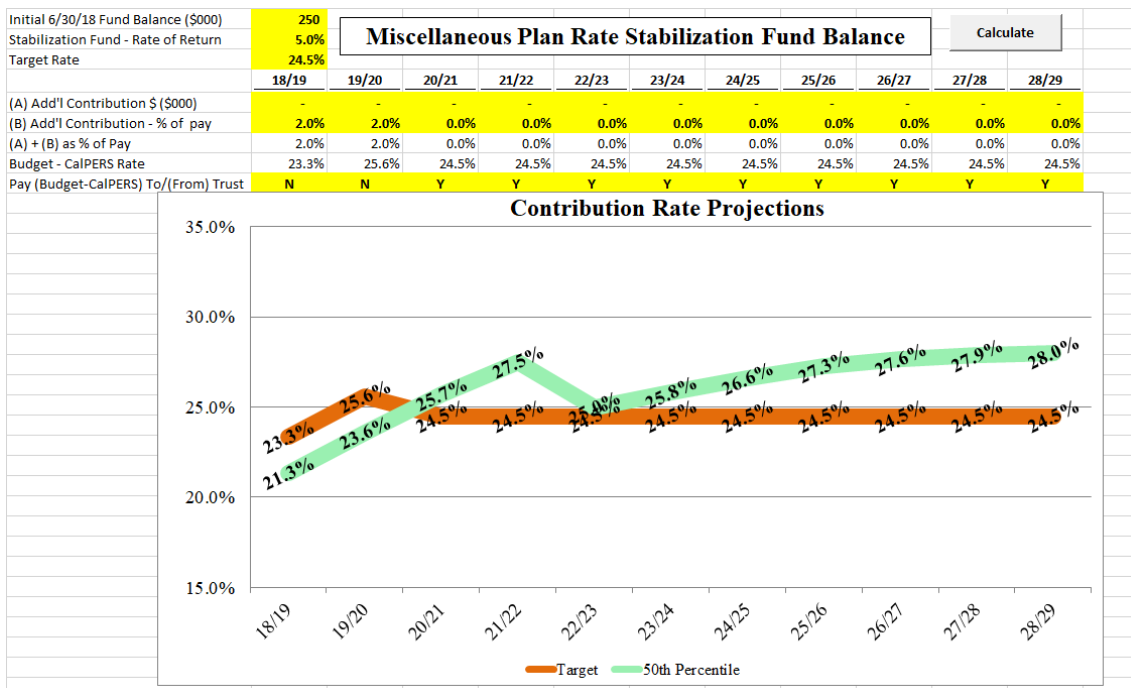


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

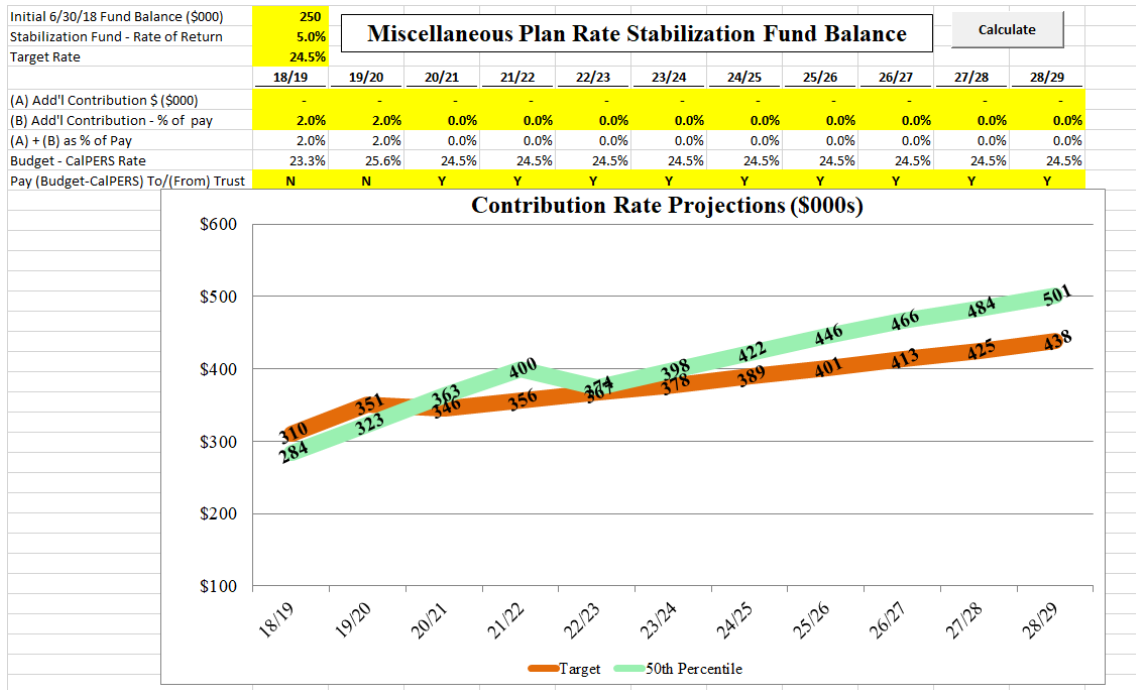


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST



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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

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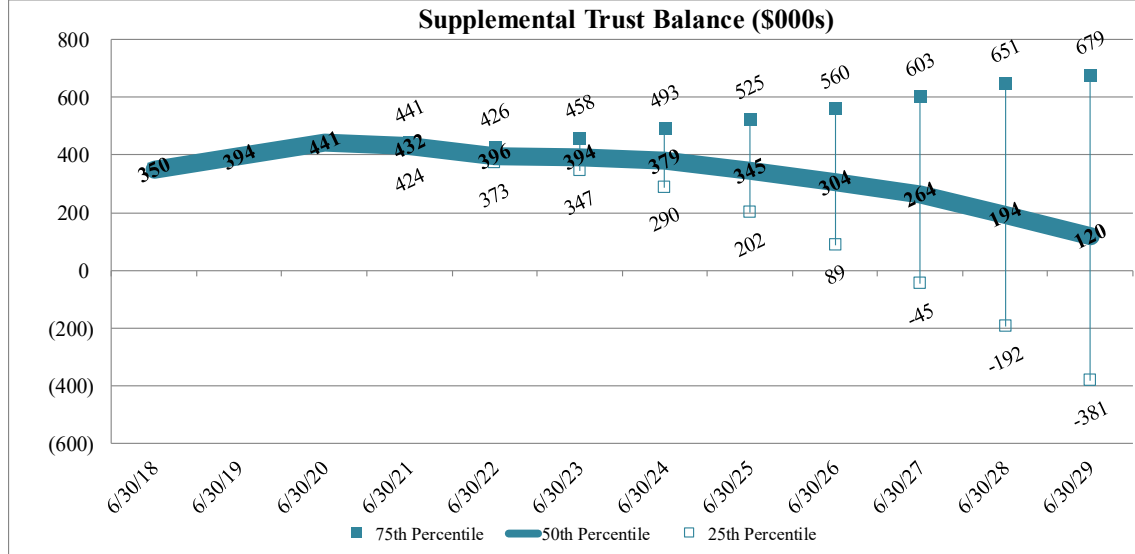
May 9, 2018

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## IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

Initial 6/30/18 Fund Balance (\$000)	350	<div>Miscellaneous Plan Rate Stabilization Fund Balance</div>										Calculate	
Stabilization Fund - Rate of Return	5.0%												
Target Rate	23.5%												
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29		
(A) Add'l Contribution \$ (\$000)	-	-	-	-	-	-	-	-	-	-	-		
(B) Add'l Contribution - % of pay	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
(A) + (B) as % of Pay	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Budget - CalPERS Rate	23.3%	25.6%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%		
Pay (Budget-CalPERS) To/(From) Trust	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y		



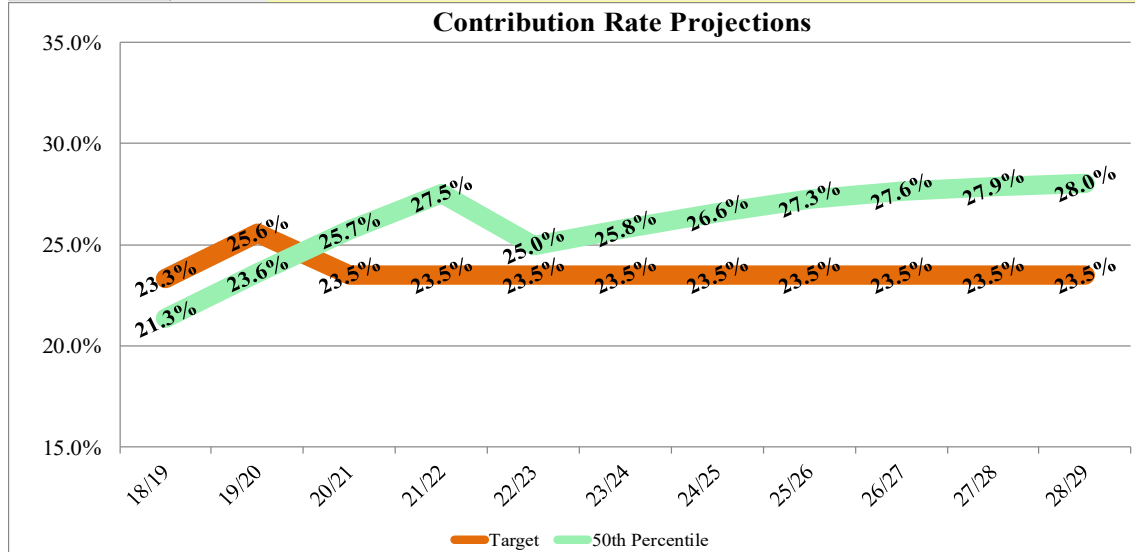
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## IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

Initial 6/30/18 Fund Balance (\$000)	350	<div>Miscellaneous Plan Rate Stabilization Fund Balance</div>										Calculate	
Stabilization Fund - Rate of Return	5.0%												
Target Rate	23.5%												
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29		
(A) Add'l Contribution \$ (\$000)	-	-	-	-	-	-	-	-	-	-	-		
(B) Add'l Contribution - % of pay	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
(A) + (B) as % of Pay	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Budget - CalPERS Rate	23.3%	25.6%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%		
Pay (Budget-CalPERS) To/(From) Trust	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y		



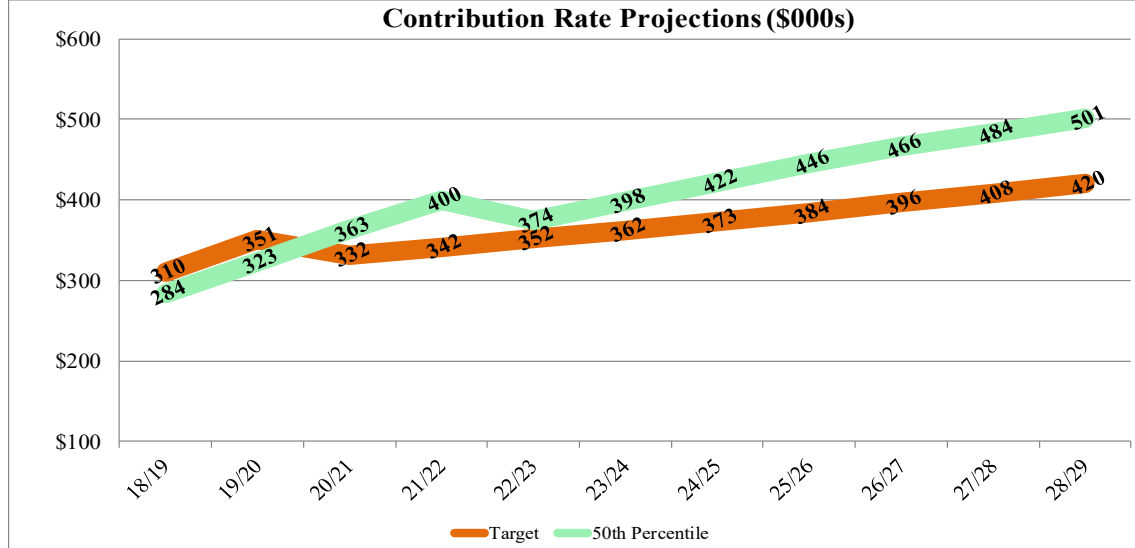
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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

Initial 6/30/18 Fund Balance (\$000)	350	<div>Miscellaneous Plan Rate Stabilization Fund Balance</div>										Calculate	
Stabilization Fund - Rate of Return	5.0%												
Target Rate	23.5%												
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29		
(A) Add'l Contribution \$ (\$000)	-	-	-	-	-	-	-	-	-	-	-		
(B) Add'l Contribution - % of pay	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
(A) + (B) as % of Pay	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Budget - CalPERS Rate	23.3%	25.6%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%		
Pay (Budget-CalPERS) To/(From) Trust	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y		



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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

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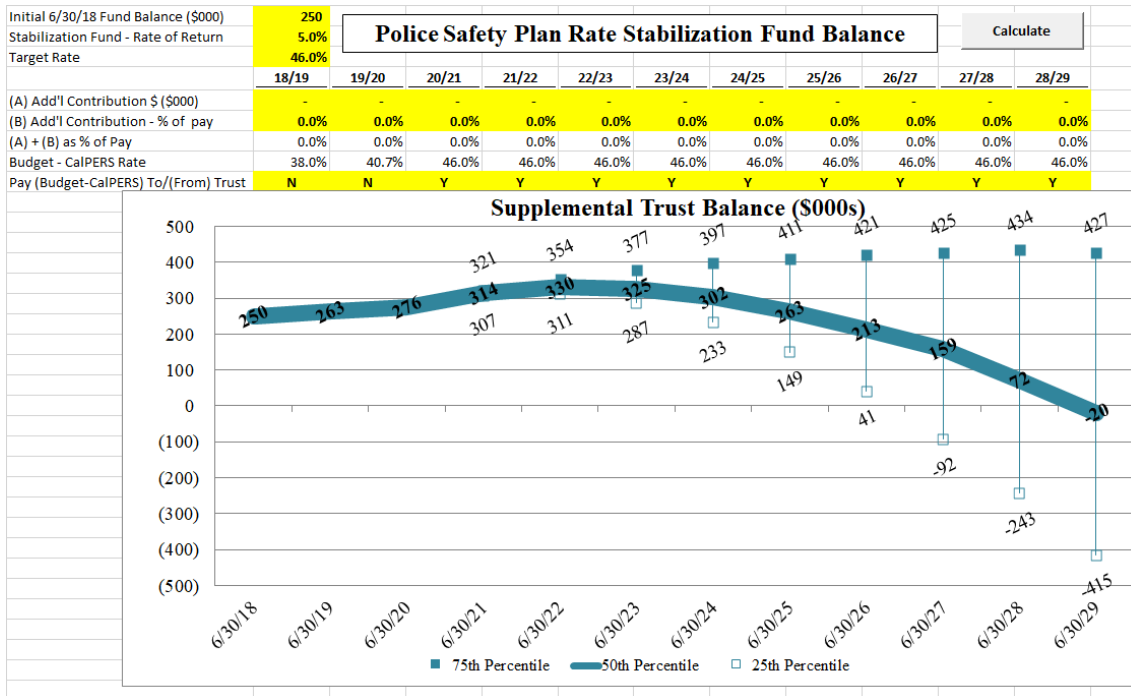


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

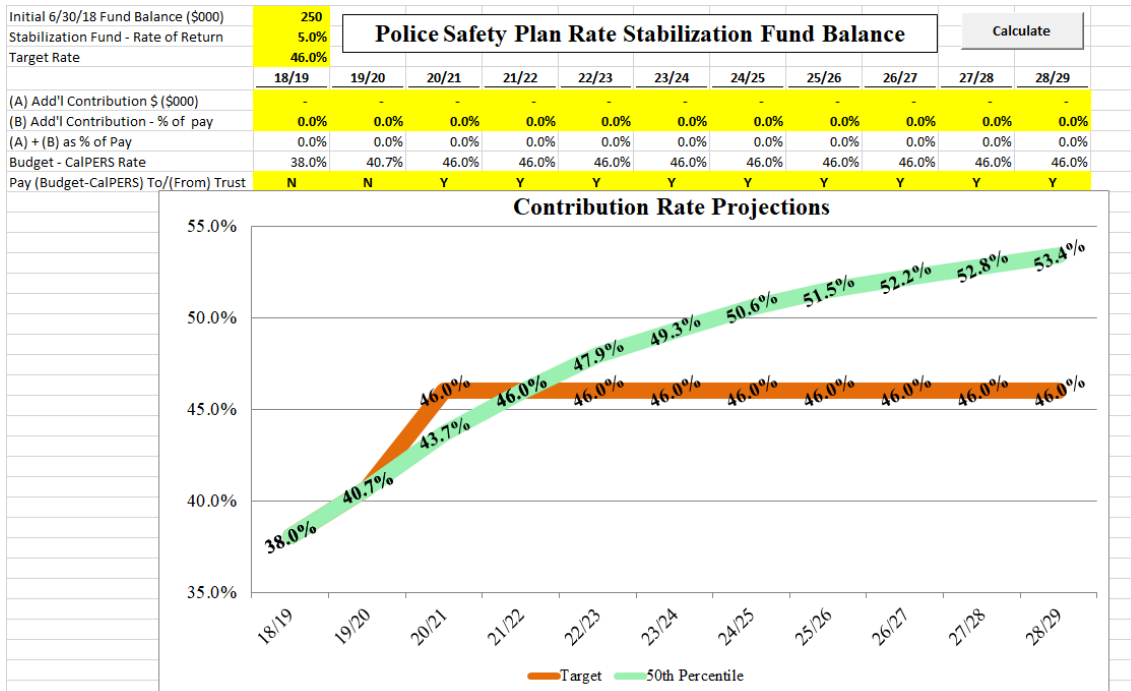


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

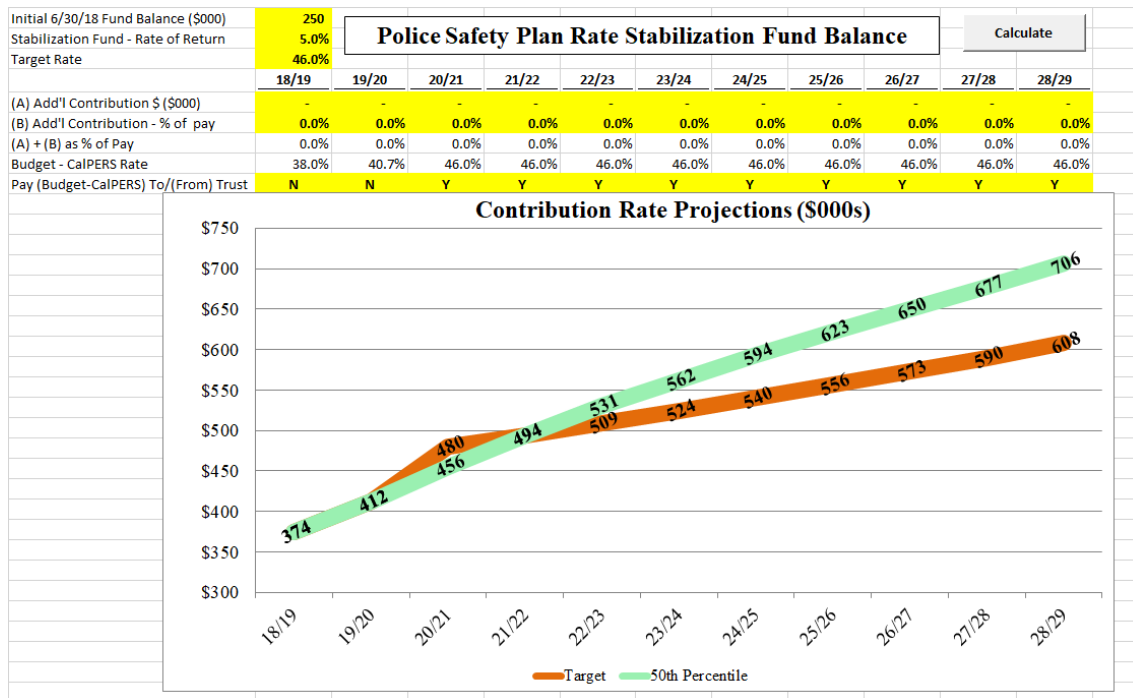


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST



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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

### Safety Police Contribution Savings \$250k to CalPERS Applied to Longest Base (\$000s)

Year	Savings	Year	Savings
18/19	4	33/34	24
19/20	7	34/35	25
20/21	11	35/36	25
21/22	15	36/37	25
22/23	19	37/38	28
23/24	20	38/39	29
24/25	21	39/40	29
25/26	20	40/41	31
26/27	22	41/42	31
27/28	22	42/43	31
28/29	23	43/44	35
29/30	22	44/45	26
30/31	21	45/46	21
31/32	25	46/47	11
32/33	24	47/48	9

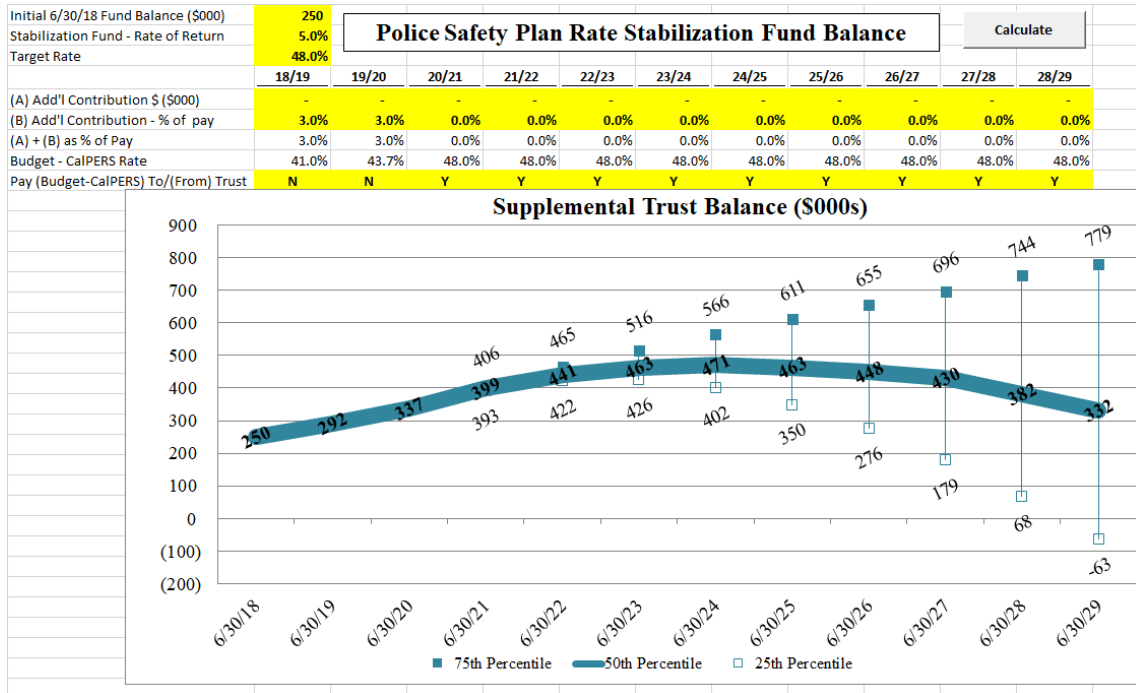


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

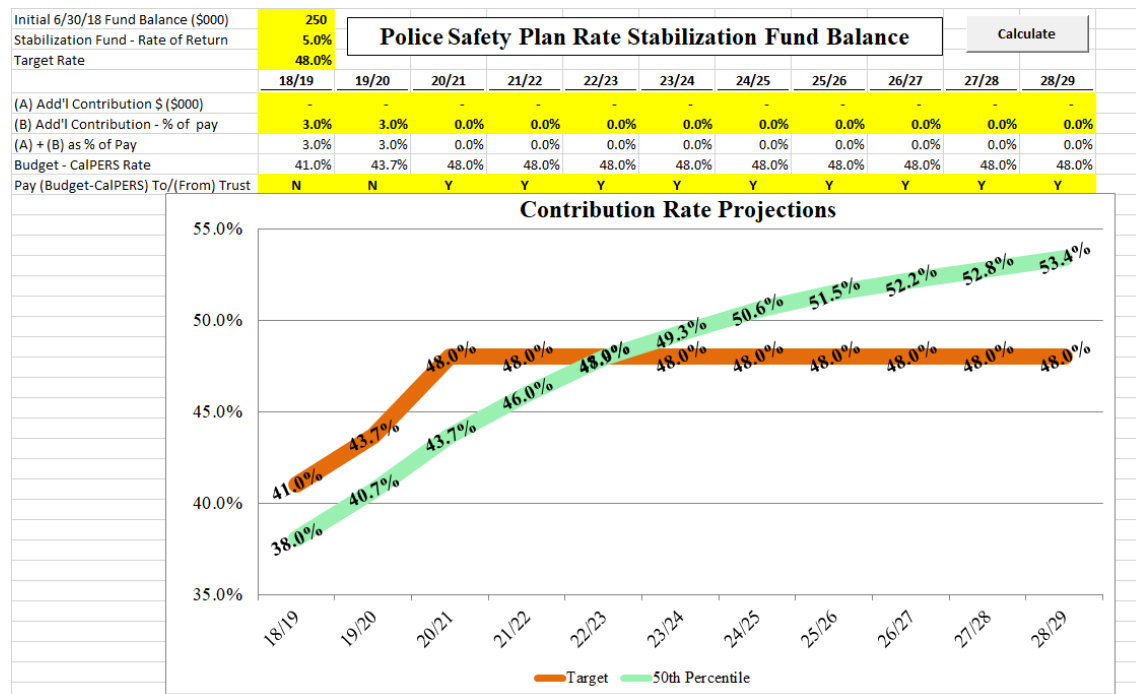


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

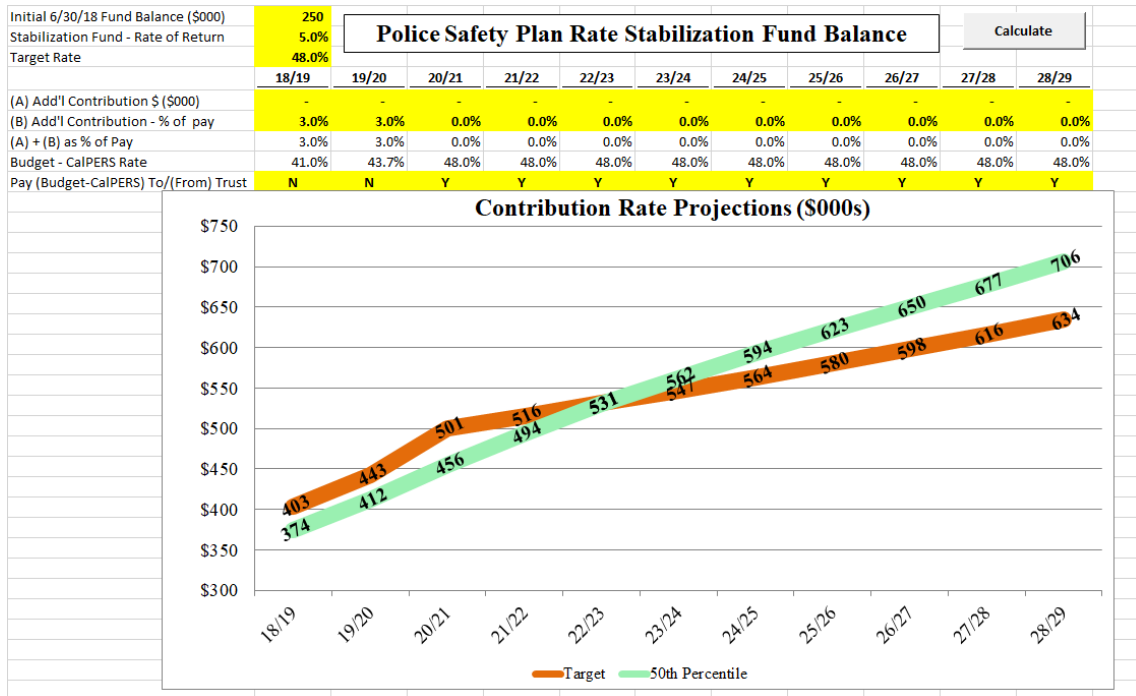


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST



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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

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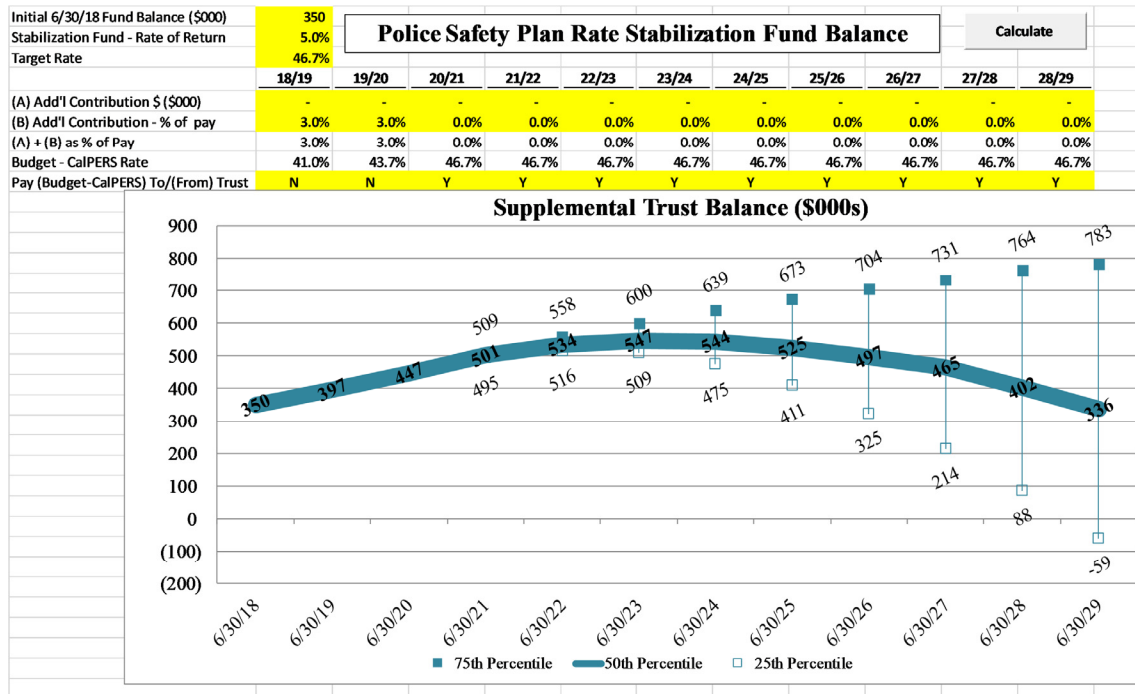


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## IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

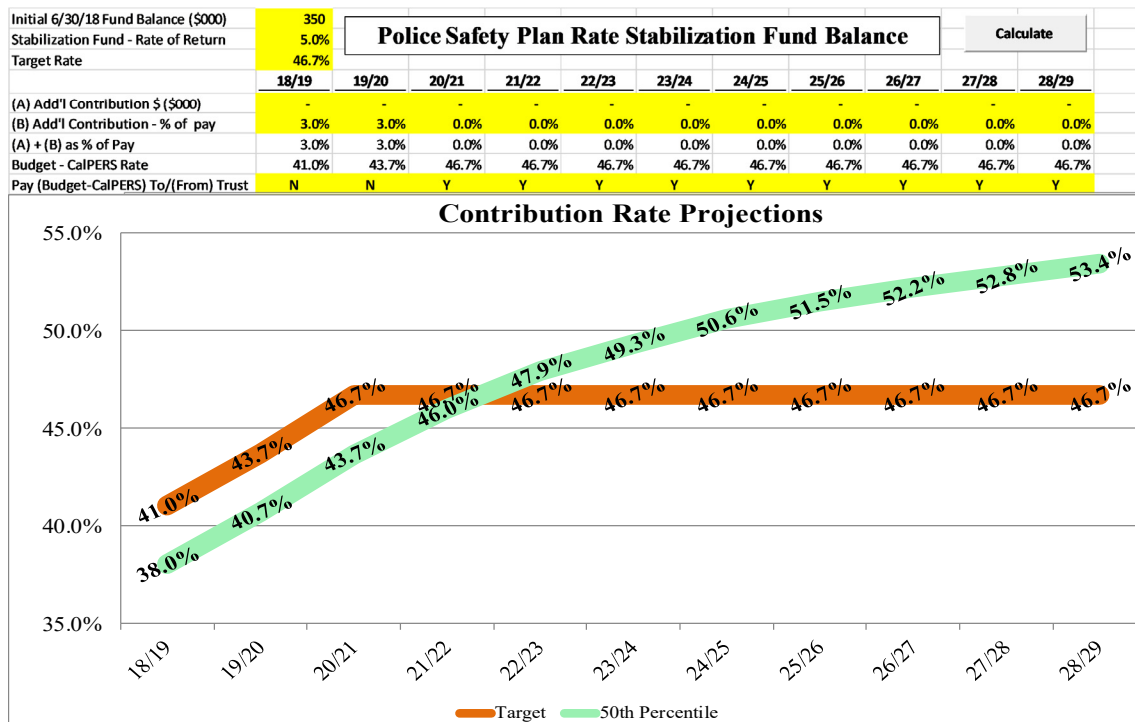


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## IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST



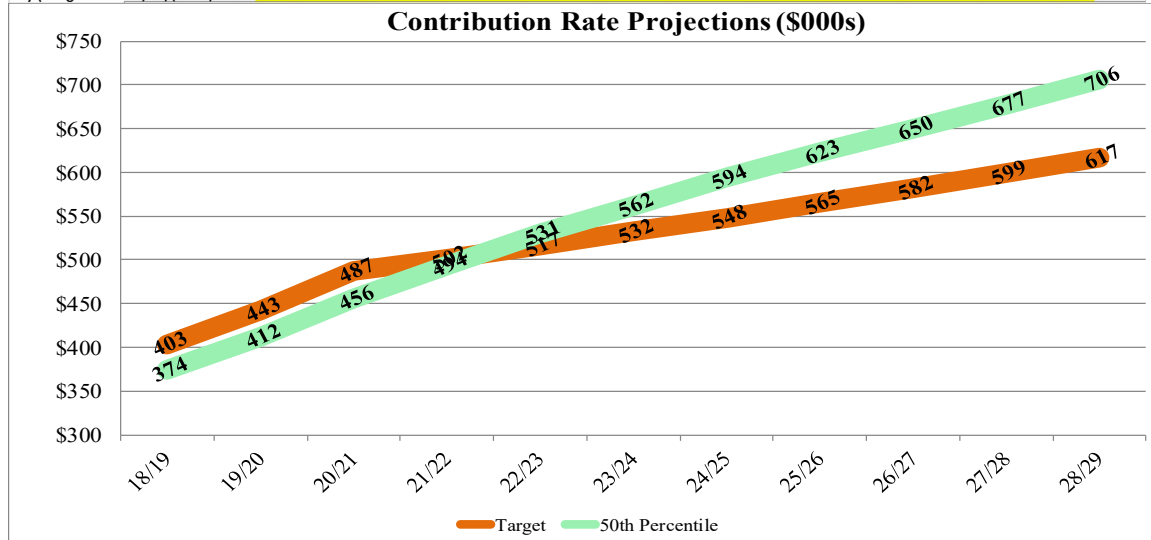
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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

Initial 6/30/18 Fund Balance (\$000)	350	<div><div>Police Safety Plan Rate Stabilization Fund Balance</div><div>Calculate</div></div>										
Stabilization Fund - Rate of Return	5.0%											
Target Rate	46.7%											
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
(A) Add'l Contribution \$ (\$000)	-	-	-	-	-	-	-	-	-	-	-	
(B) Add'l Contribution - % of pay	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
(A) + (B) as % of Pay	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Budget - CalPERS Rate	41.0%	43.7%	46.7%	46.7%	46.7%	46.7%	46.7%	46.7%	46.7%	46.7%	46.7%	
Pay (Budget-CalPERS) To/(From) Trust	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	



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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

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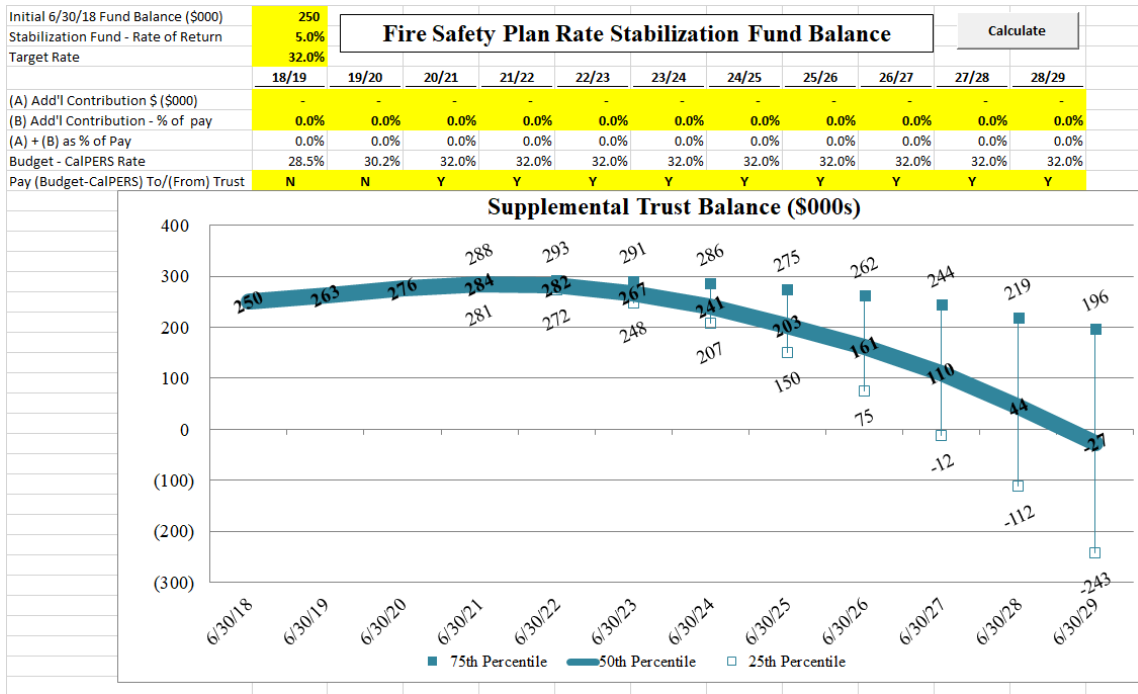


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

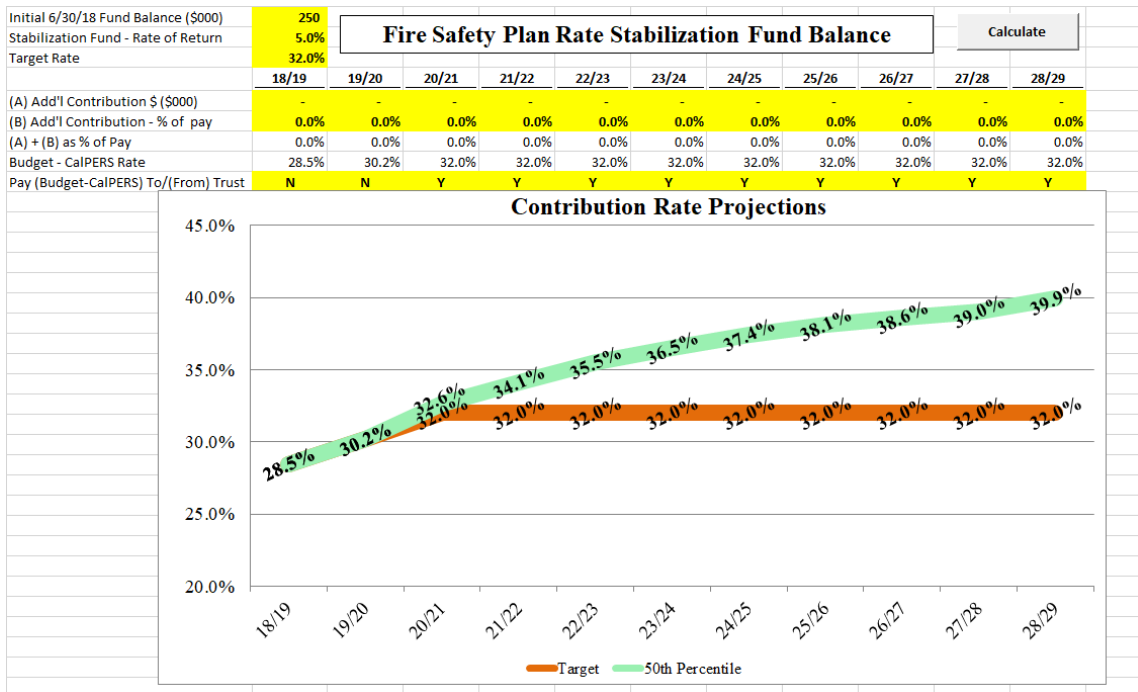


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

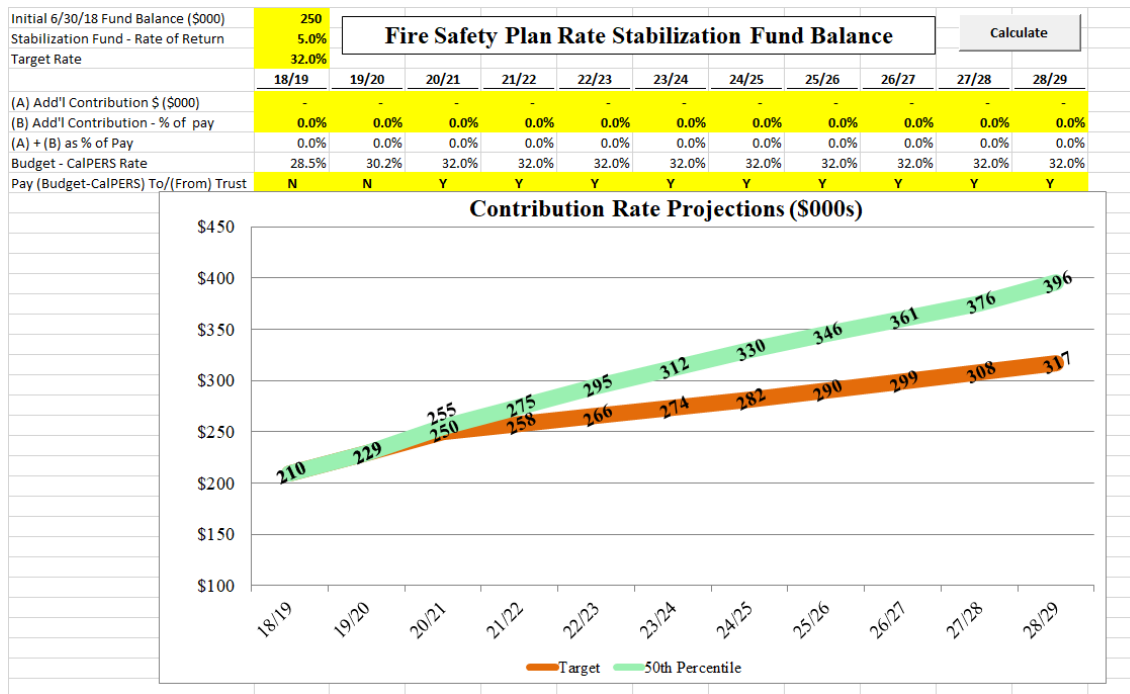


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST



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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

### Safety Fire Contribution Savings \$250k to CalPERS Applied to Longest Base (\$000s)

Year	Savings	Year	Savings
18/19	4	33/34	24
19/20	8	34/35	24
20/21	11	35/36	27
21/22	15	36/37	25
22/23	19	37/38	26
23/24	19	38/39	28
24/25	19	39/40	30
25/26	19	40/41	30
26/27	20	41/42	30
27/28	22	42/43	29
28/29	21	43/44	29
29/30	22	44/45	25
30/31	22	45/46	18
31/32	23	46/47	8
32/33	23	47/48	6

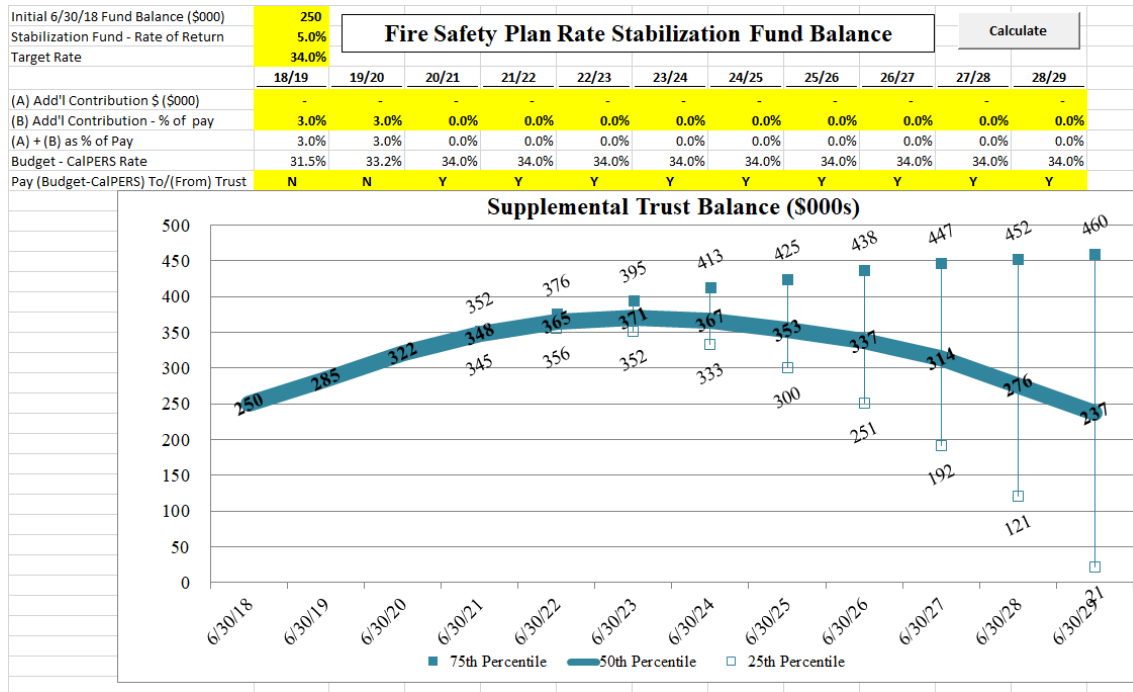


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

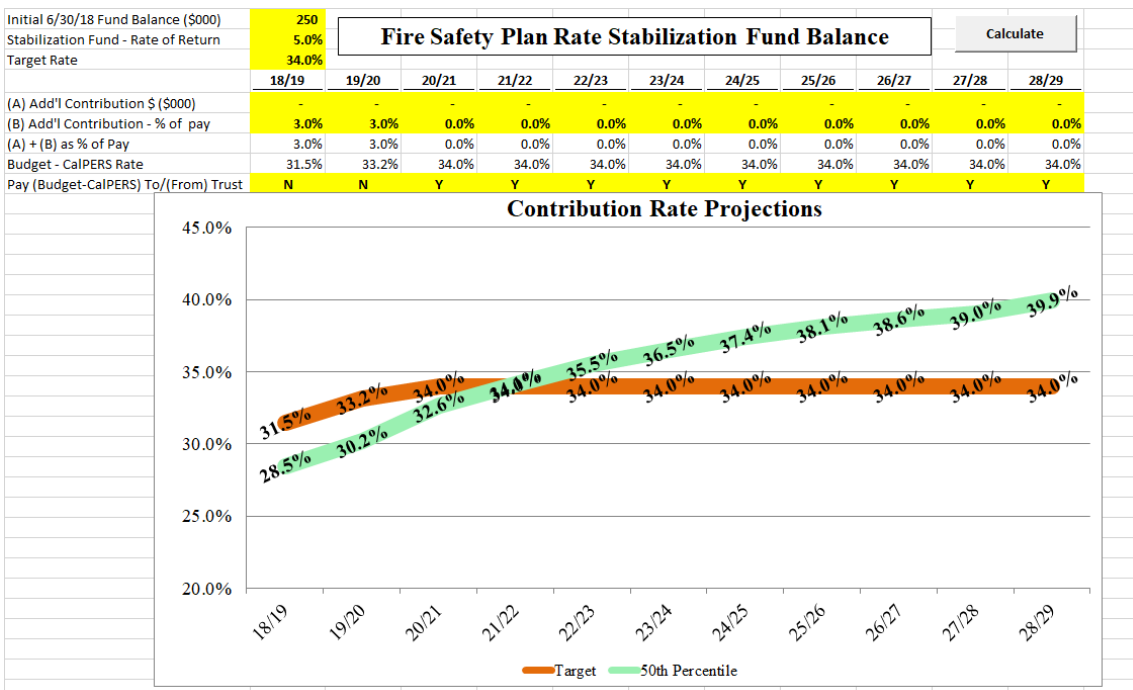


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

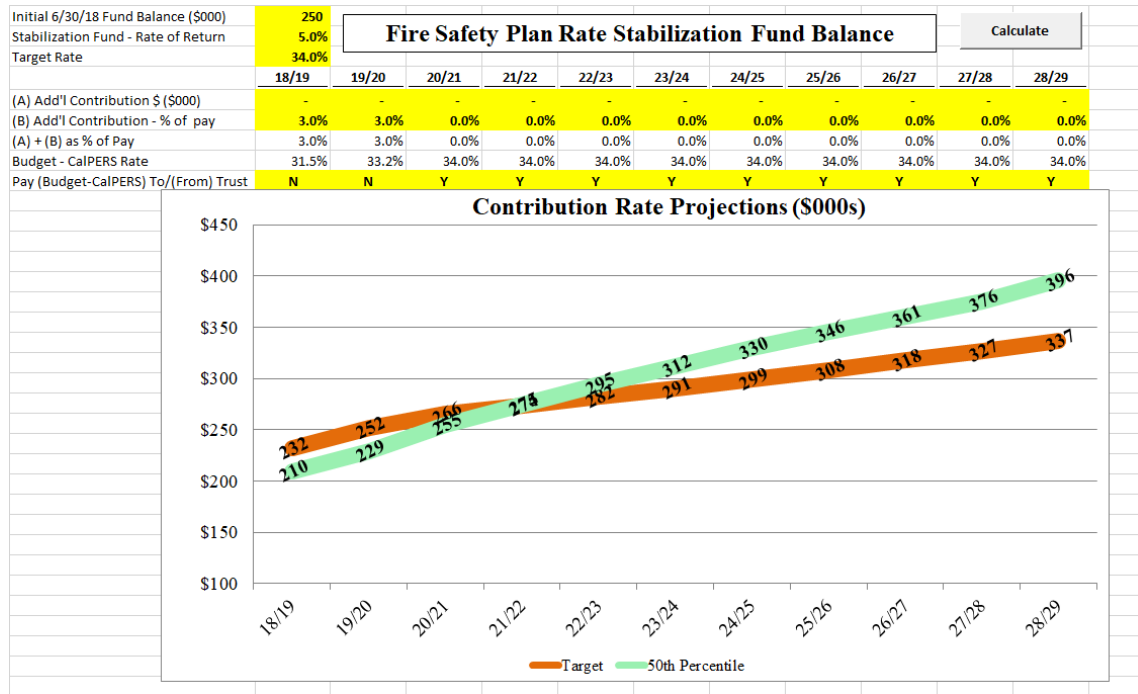


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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST



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## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

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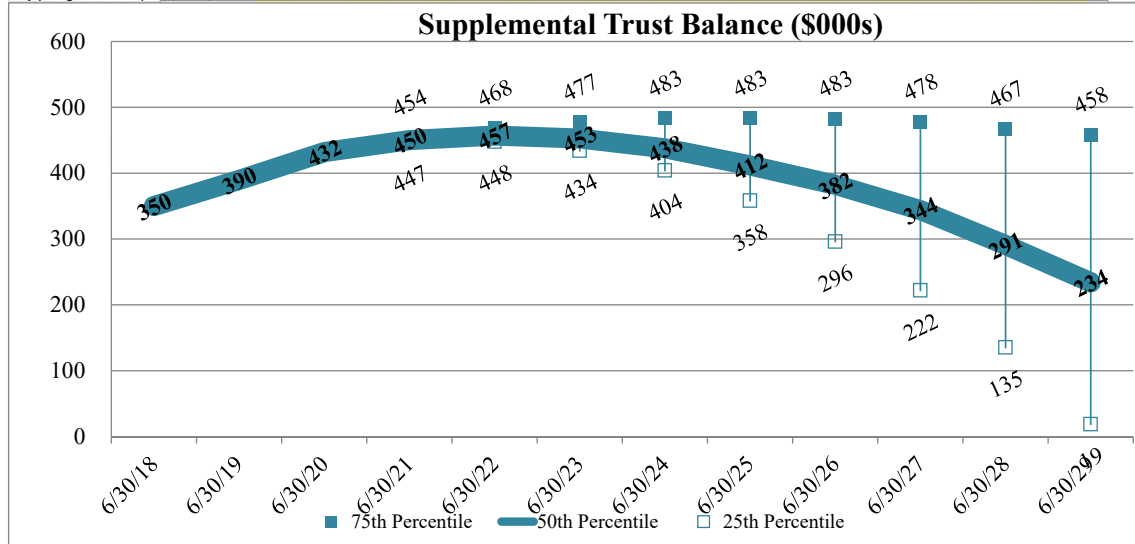
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## IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

Initial 6/30/18 Fund Balance (\$000)	350	Fire Safety Plan Rate Stabilization Fund Balance										Calculate	
Stabilization Fund - Rate of Return	5.0%												
Target Rate	32.2%												
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29		
(A) Add'l Contribution \$ (\$000)	-	-	-	-	-	-	-	-	-	-	-	-	
(B) Add'l Contribution - % of pay	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
(A) + (B) as % of Pay	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Budget - CalPERS Rate	31.5%	33.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	
Pay (Budget-CalPERS) To/(From) Trust	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	



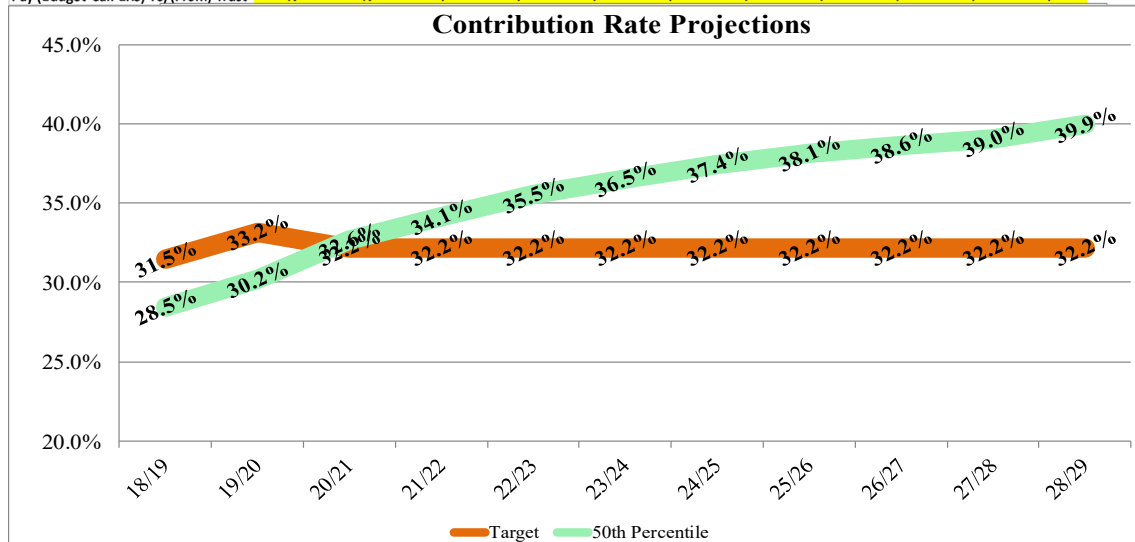
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## IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

Initial 6/30/18 Fund Balance (\$000)	350	<div><div>Fire Safety Plan Rate Stabilization Fund Balance</div><div>Calculate</div></div>										
Stabilization Fund - Rate of Return	5.0%											
Target Rate	32.2%											
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
(A) Add'l Contribution \$ (\$000)	-	-	-	-	-	-	-	-	-	-	-	
(B) Add'l Contribution - % of pay	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
(A) + (B) as % of Pay	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Budget - CalPERS Rate	31.5%	33.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	
Pay (Budget-CalPERS) To/(From) Trust	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	



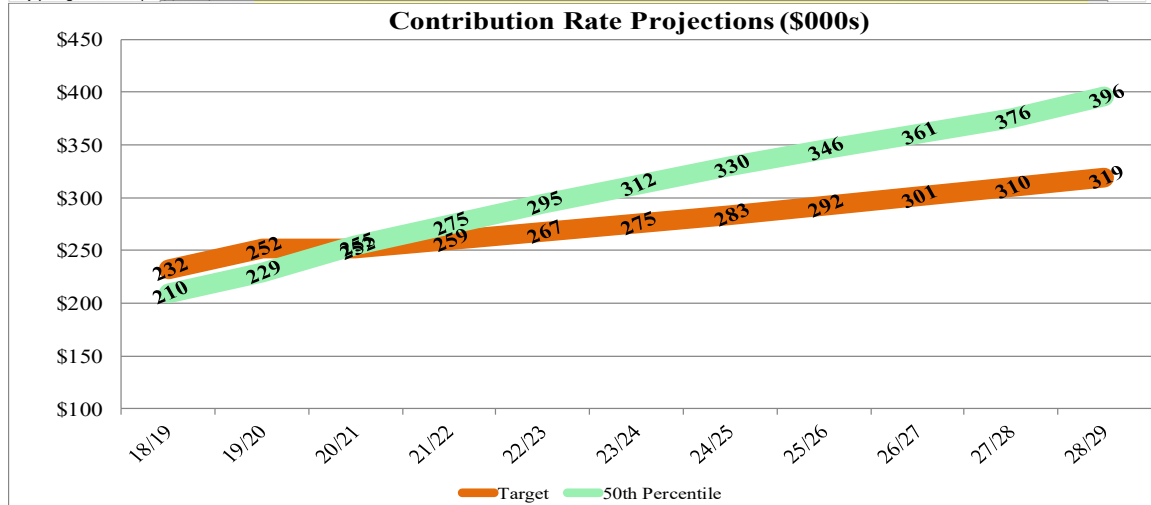
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## IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

Initial 6/30/18 Fund Balance (\$000)	350	<div><div>Fire Safety Plan Rate Stabilization Fund Balance</div><div>Calculate</div></div>										
Stabilization Fund - Rate of Return	5.0%											
Target Rate	32.2%											
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
(A) Add'l Contribution \$ (\$000)	-	-	-	-	-	-	-	-	-	-	-	
(B) Add'l Contribution - % of pay	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
(A) + (B) as % of Pay	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Budget - CalPERS Rate	31.5%	33.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	
Pay (Budget-CalPERS) To/(From) Trust	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	



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## IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

### Present Value of Savings as of 6/30/18 \$250k Contribution (\$000s)

	Present Value (at 3%) of Contribution Reduction		
	Miscellaneous	Police	Fire
■ To Supplemental Trust (\$115)	\$323	\$319	\$315
■ To CalPERS Long-Term Amortization Base	395	408	392



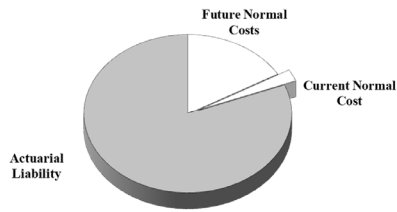
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## DEFINITIONS

Present Value of Benefits  
June 30, 2016



- **PVB - Present Value of all Projected Benefits:**
  - Discounted value (at valuation date - 6/30/16), of all future expected benefit payments based on various (actuarial) assumptions
- **Actuarial Liability:**
  - Discounted value (at valuation date) of benefits earned through valuation date [value of past service benefit]
  - Portion of PVB “earned” at measurement
- **Current Normal Cost:**
  - Portion of PVB allocated to (or “earned” during) current year
  - Value of employee and employer current service benefit



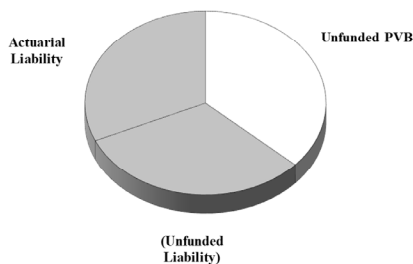
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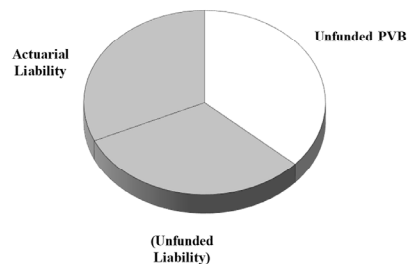


## DEFINITIONS

Present Value of Benefits  
June 30, 2015



Present Value of Benefits  
June 30, 2016



- **Target-** Have money in the bank to cover Actuarial Liability (past service)
- **Unfunded Liability** - Money short of target at valuation date
- **Excess Assets / Surplus:**
  - Money over and above target at that point in time
  - Doesn't mean you're done contributing
- **Super Funded:**
  - Assets cover whole pie (PVB)
  - If everything goes exactly like PERS calculated, you'll never have to put another (employer or employee) dime in



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